



U.S. Department of State FY 2000 Country Commercial Guide: Austria

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CHAPTER I. EXECUTIVE SUMMARY

This Country Commercial Guide (CCG) presents a comprehensive look at Austria's commercial environment, using economic, political and market analysis. The CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. Embassies through the combined efforts of several U.S. Government agencies.

Many American executives forget Austria. Not often in U.S. headlines, we tend to think of Austria in terms of skiing, the Von Trapp family and Mozart. Austria is a delightful place to be sure, but it can be just as delightful for hard-headed, serious business. Some companies see that Austria is German-speaking and has a largely Germanic culture, and they hastily reach the conclusion that a representative in Germany can cover the Austrian market. Sometimes they are right, more often wrong. The ways of business in Vienna or Graz can be strikingly different from those of Berlin or Hamburg. Other companies focus on the markets in the headlines and head further east, perhaps flying through Vienna on their way to emerging markets. We've always had a preference for markets that have money, so don't forget to linger in Austria for a business day or two - or more.

Statisticians call it the "Rotterdam Effect" -- the discrepancy in trade statistics that appears when goods are transshipped through other countries before they reach their final destination. If you look at the U.S. export data for sales to Austria in 1998, you will see that we shipped about \$2.5 billion of our products to this small market in central Europe. Austrian data, however, shows that we sold \$3.5 billion in Austria in the same year. The \$1 billion difference is that our own export statistics often measure shipments only to their first foreign port of entry, hence the Rotterdam Effect. The Austrian market may be small, but it's not THAT small, and it can be highly lucrative.

Our competitors certainly think Austria is a profitable market. They are here in force, especially the Germans and Italians, but in such numbers that U.S. companies may find Austrian buyers willing to consider alternatives. German sellers have the advantage of language and proximity, but there is sometimes a backlash that can work in our favor. That said, Austria is a highly competitive market and wrapping a product in the American flag does not guarantee success; quality, service and price have to come with it. The Austrian buyer will insist on that. And don't count on the backlash to make a sale for you. It may get your foot in the door, but when it comes to laying out money, it is awfully easy for the Austrian to decide to go with the seller who is close and who speaks his or her own language. This is particularly true when dealing with the Austrian Government. While there is no "Buy Austrian" or "Buy European" legislation, we have seen several instances in which the Government seems to have bent backwards to be "good" Europeans or to find an "Austrian solution" to politically sticky transactions. Like anywhere else, be on your toes.

Austria's is an economy in which customer service has played little role, but we see glimmers that the Austrian consumer may begin to demand better service from vendors. The few instances in which companies have introduced American-style customer service and support have been well received by sometimes-startled consumers. We think that customer-friendly companies can do very well here in the next few years before most Austrian firms get the idea. The conversion to the Euro will accelerate this trend, making it more likely that Austrians will compare the value-for-money they receive with what goes on in other parts of Europe.

Austria often touts itself as the Gateway to eastern and central Europe. This was true when Vienna was home to the specialist trading companies that navigated the Soviet Bloc, but these firms became dinosaurs after the Berlin Wall fell. The capital of the Habsburgs is making a comeback in East-West trade and investment. Close to 200 American firms use Vienna as a regional base of operations, having found that the city is the natural hub for travel in the region, an ideal location to place expatriate executives to keep their families happy, and a great place to find experienced, educated staff who know the central and eastern European markets well. The dominant days of the Austrian trading companies are gone, but it is still possible to make the right match with Austrian firms that know the eastern markets far better than most American companies do.

The Commercial Service office in the American Embassy in Vienna (CS Vienna) can help you find your niche in Austria. We offer the panoply of programs that have been proven in Commercial Service offices around the world, including Gold Key meetings, considerable market research, assistance at trade shows and much more. More important is that our experienced business specialists can give your company the insights and contacts you need to launch sales in this market. Don't hesitate to ask us your questions about doing business in Austria. We'll probably have the answers and, if we don't, we will have a good idea of where to find them. You can contact us by telephone (001-(43-1) 313 39 2297), fax (001-(43 1) 310 6917) or E-mail (ovienna@doc.gov). CS Vienna will pass you on to the Foreign Agricultural Service office or the Office of Defense Cooperation, both also in the Embassy, if they are in a better position to help you do a deal.

Country Commercial Guides are available for U.S. exporters from the National Trade Data Bank's CD ROM or via the Internet. Please contact STAT-USA at 1-800-STAT-USA for more information. Country Commercial Guides can be accessed via the World Wide Web at <http://www.stat-usa.gov>, <http://www.state.gov/>, and <http://www.mac.doc.gov>. They can also be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS. U.S. exporters seeking general export information/assistance and country-specific commercial information should contact the U.S. Department of Commerce, Trade Information Center by phone at 1-800-USA-TRADE or by Fax at (202) 482-4473.

CHAPTER II. ECONOMIC TRENDS AND OUTLOOK

A. Major Trends and Outlook

The Republic of Austria has an open economy, dependent on foreign trade and closely linked to the economies of other European Union (EU) member states, particularly Germany. Foreign trade and investment ties with Central and Eastern

European countries also play an increasingly important role. Following a 2.5% real GDP growth rate in 1997, Austria's economy picked up momentum and, driven by exports, expanded 3.3% in 1998. Forecasts for 1999 call for growth of about 2.2%, those for 2000 for growth of about 2.4%. The lower growth is the result of slower growth in Austria's leading export markets, particularly Germany. Private consumption and the stimulative effects of a tax reform package are expected to offset weakening exports. Without the tax package, GDP growth in 2000 is forecasted at half a percentage point lower. Inflation is expected to hold steady at around 1% in 1999/2000. Due to moderate wage increases and a boost in productivity, unit wage costs in Austrian industry have been declining, so that Austria's international competitiveness improved markedly.

From 1999-2003, the Austrian economy is expected to grow at an average annual real rate of about 2.4%, with the low in 1999 and a peak of 3.0% in 2003. Over the next five years, domestic demand, particularly private consumption, will be the main support for economic growth, while exports of goods are expected to grow at more moderate rates than during the previous five years. Unemployment is expected to remain at about 4.2% until 2001 and only then start to fall to below 4.0%. Even though Austria will continue to enjoy one of the lowest unemployment rates in the EU, unemployment remains a sensitive political problem. Inflation, while edging upward, is still expected to average a manageable 1.6% over the 1999/2003 period.

Austria's accession to the EU on January 1, 1995, has had a positive impact on foreign investment, inflation and growth by providing access to the single market and by fostering liberal policies to promote competition and dismantle protectionism. Austria was among the eleven founding members of the Economic and Monetary Union (EMU) launched on January 1, 1999 and has adopted the common "Euro" currency, which will fully replace the Austrian schilling in 2002.

In the national elections scheduled for October 1999, the Austrians will elect a new government. One of the new government's most challenging tasks will be continuing budget consolidation on which Austria has received international criticism for a less-than-ambitious effort. Other important tasks for the new government will be introducing the single Euro currency, fighting unemployment, privatizing and defining Austria's role in a European security system.

Although Austria's economy has become more liberal and open, foreign investors as well as local businesses still must cope

with rigidities, barriers to market entry, and an elaborate regulatory environment in certain sectors. Thus, pressing ahead on deregulation and liberalization, continuing privatization, and restructuring of Austrian industry will continue to be on the agenda for the new government. The outgoing government has made an effort - to some extent successful - to facilitate access, to open markets, and to streamline the permit process. The implemented deregulation of the telecommunications and electricity sectors should contribute to improve efficiency and resource allocation. However, Austrian industry must continue the shift from less competitive low-tech production towards more specialized value-added manufacturing to attract more potential foreign partners and to meet increased competition.

The economic opening of the Central and Eastern European (CEE) countries has had a stimulative effect on Austria's economy. Austrian firms have invested sizable sums and continue to move labor intensive low-tech production to these countries. Austria has the potential to attract EU firms seeking convenient access to the emerging markets of the CEE. The Austrian government, as well as business interests, support the EU's eastern enlargement plans, but under the condition that the enlargement candidates meet EU standards prior to EU accession and that transition periods for free movement of labor and of services are implemented to prevent competitive distortions in the Austrian labor market.

The Austrian schilling depreciated slightly against the dollar in 1998, but was stable against most European currencies. In the first half of 1999, the schilling continued to lose against the dollar. With Austria being one of eleven founding members of the Economic and Monetary Union (EMU), the schilling now enjoys a fixed exchange rate against the currencies of the other ten EMU members, which include Austria's most important foreign trade partners.

In 1997 and 1998, U.S. exports to Austria rose strongly, although the accession of Austria to the EU has brought stiffer competition from European producers in some export markets. Even though some U.S. exporters, particularly those in the data processing hardware and semiconductor sectors, are confronted with higher customs tariffs and burdensome regulations, U.S. exports to Austria have nonetheless continued to increase. In 1997, U.S. exports were up 33%, with a further 4.0% rise in 1998.

B. Government Role in the Economy

Recent years have seen a declining government role in the Austrian economy. In 1997, the government completed an ambitious ten-year privatization program, which included the former state-owned industries group, a conglomerate of steel, aluminum, petroleum, engineering, banks and other government entities. The government has either sold its shares completely or retained only a minority interest in some of these companies. The sale of the Austrian Tobacco Works (Austria Tabakwerke) is underway and that of the Postal Savings Bank planned. The federal railroads have been excluded from the federal budget, and the newly reorganized Post und Telekom Austria (PTA) is managed as a private corporation and required by law to list its shares on the stock exchange. However, plans to refocus the activities of the government's privatization agency OIAG to that of a government holding of shares in core enterprises have raised new concern over undue political influence on industry.

With the implementation of the 1996/97 austerity program, the government was able to reduce the total public sector deficit from 5.1% of GDP in 1995 to 2.2% in 1998 and thus managed to meet the "convergence criteria" for EMU participation. However, the tax increases included in the austerity program pushed the share of total taxes (including mandatory social insurance contributions) in GDP to more than 44% in 1998. The very generous "family tax" reform of 1998 and the income/payroll tax reform for the year 2000 eased taxes on families and employees, but the resulting decline in government revenues could put pressure on the 3.0% EMU convergence limit. The government is convinced, however, that it will still be able to meet its goal of a total public deficit of no more than 1.4% of GDP in 2002, without having to resort to additional austerity measures. Budget consolidation remains a major challenge for the new Austrian government in year 2000 and beyond. Whether the new government has the political will to implement this policy remains to be seen.

C. Balance of Payments Situation

The Austrian current account, which was balanced in the late 1980s and until 1993, has deteriorated since then to a steady and sizeable deficit of about 2% of GDP, but with some slight improvement in 1998 (from AS 61.4 billion in 1997 to AS 54.5 billion in 1998). However, economists agree that with Austria's participation in the EMU, the current account no longer has the importance it had for Austria as a small economy with an

autonomous "hard currency" monetary policy approach. Economists expect the trade deficit to rise slightly in 1999/2000 due to weakening export growth. At the same time, the surplus from tourism is expected to rise again after falling sharply in past years, so that the current account deficit should decline further to about AS 47 billion in both 1999 and 2000.

Foreign direct investment in Austria continues to grow at a fast pace. After growth of AS 29 billion (US\$ 2.3 billion) in 1997, foreign direct investment in Austria grew by another AS 73 billion (US\$ 5.9 billion) in 1998. The capital account showed an increase of AS 37 (US\$ 3.0 billion) in Austrian direct investment abroad in 1998.

D. Infrastructure Situation

Austria has a modern communications and transportation infrastructure. An extensive highway system provides convenient access to major European industrial centers and ports. The Austrian railroad offers efficient passenger and freight service and modernization plans will introduce higher-speed rail service in the near future. Several airline carriers offer direct flights from the Vienna International Airport to major U.S. destinations. The Austrian telecommunications network is sophisticated and reliable, though expensive by U.S. standards. However, according to latest studies, liberalization, and increased competition have led to a sharp decline in telecom prices, which have not yet bottomed out.

The Austrian government has maintained a low profile on Y2K preparedness. For the most part, authorities view Y2K as a technical problem, assigning technical personnel to take the lead. With little publicity and the absence of any leadership on the issue, public awareness of the potentially disruptive effects of Y2K is low. According to a poll taken at the end of 1998 more than half of Austria's 250,000 small and medium sized companies had done nothing to prepare for Y2K. However, business associations, such as the powerful Austrian Economic Chamber are actively working to draw attention to the problem, through websites, lectures, workshops etc. Government agencies and larger companies (including banks, airlines and utilities) have been making active preparations over the past six months. While catastrophic collapse of emergency services or basic infrastructure are not expected, there are likely to be some Y2K-related inconveniences.

CHAPTER III. POLITICAL ENVIRONMENT

A. Nature of Political Relationship with the U.S.

Austria's bilateral relationship with the United States is excellent. Austria's political leaders and most Austrians recognize and appreciate the essential role played by U.S. economic assistance under the Marshall Plan after World War II, and the role played by the United States in promoting the conclusion of the Austrian State Treaty in 1955. This treaty ended the four-powers occupation following World War II and established Austria as an independent and sovereign state.

Austria maintains an embassy at 3524 International Court, NW, Washington, D.C. 20008 (Tel. 202-895-6700). Consulates are located in New York, Chicago, and Los Angeles, with honorary consulates in Atlanta, Boston, Buffalo, Columbus, Denver, Detroit, Honolulu, Houston, Miami, Kansas City, New Orleans, Philadelphia, San Francisco, San Juan, Seattle, St. Louis and St. Paul.

B. Major Political Issues Affecting the Business Climate

Since 1955 Austria has shaped its foreign policy on the basis of neutrality. This neutrality has been redefined in the context of participation in the EU's evolving security architecture with a new focus on solidarity. Austria joined the Partnership for Peace in 1995, but there is growing debate about NATO membership as an option for the future of Austrian security policy.

Austrian leaders emphasize the unique role the country plays as a link between East and West, and as a moderator between industrialized and developing countries. Austria is active in the United Nations and in UN peacekeeping efforts including SFOR and KFOR. It attaches great importance to participation in the Organization for Economic Co-operation and Development (OECD) and other international economic organizations, and has played an important role in the Organization for Security and Co-operation in Europe (OSCE). It is expected to continue this high profile role within the OSCE as it takes over the chair in the year 2000.

Vienna is the headquarters of the International Atomic Energy Agency (IAEA) and the UN Industrial Development Organization (UNIDO). Other international organizations based in Vienna include the Organization for Petroleum Exporting Countries (OPEC) and its Fund for International Development, and the International Institute for Applied Systems Analysis (IIASA).

Austria maintains a constant exchange of business representatives, political leaders, students, cultural groups, and tourists with the countries of Central and Eastern Europe. The Austrian government and various Austrian organizations, including business and labor, provide assistance and training to support constructive changes underway in the region.

Politics may sometimes intrude in business decisions. Larger Austrian firms are often associated with one of the major political parties, and purchasing by government entities and state-owned companies can be highly political. Some claim to have noticed a general favoritism towards European partners, although this is not official policy.

C. Synopsis of Political System, Schedule for Elections and Orientation of Major Political Parties

Austria is a parliamentary democracy. The Chancellor is the Head of Government and the President is the Head of State. The Federal Assembly (Parliament) is composed of two houses - the National Council (Nationalrat) or the lower house, and the Federal Council (Bundesrat) or upper house. Virtually all legislative authority is concentrated in the National Council whose 183 members are elected according to a complicated system of proportional representation. Elections must be held at least every four years. The next are scheduled for October 3, 1999. The National Council may dissolve itself before the end of four years by a simple majority vote, or the Federal President may dissolve it on the recommendation of the Chancellor. The Federal Council consists of 64 members elected by the legislatures of the nine provinces for four- or six-year terms. Seats are allocated on the basis of population, with each province guaranteed at least three representatives. The Federal Council is restricted to reviewing legislation passed by the National Council and can only delay, not veto legislation.

The highest courts of Austria's independent judiciary are the Constitutional Court, which has jurisdiction over constitutional matters, the Administrative Court, which handles bureaucratic disputes, and the Supreme Court, for civil and criminal cases. Cases initiated in the Administrative and Supreme Courts can be appealed to the Constitutional Court. Justices of all three courts are appointed by the president for specific terms.

Austria's nine Laender (provinces) are headed by governors elected by the provincial legislatures. Although most authority, including police, rests with the federal government,

the provinces have considerable responsibility for welfare matters and the supervision of local administrations.

Principal officials:

Federal President	Thomas Klestil
Federal Chancellor	Viktor Klima
Vice Chancellor/Foreign Minister	Wolfgang Schuessel
Ambassador to the United States	Peter Moser
Ambassador to the United Nations	Gerhard Pfanzelter

Austria has enjoyed political stability since World War II. Until the 1980s, the two major parties, the Social Democrats (SPO) and the People's Party (OVP) had the support of the majority of the electorate. The populist right-of-center Freedom Movement (FPÖ) has since established itself as a mid-sized party and the major opposition force. The Liberal Forum and the Greens each poll about 5% of the vote.

The SPO, which garnered 38% in the 1995 national elections, traditionally draws its constituency and much of its strength from urban and industrial areas. The party has shed its conviction in state-run, interventionist economic policies since the mid-1980s in favor of a market-oriented approach and balancing the federal budget. It retains its support for a well-developed social benefits system, but has acknowledged the need for more means-tested programs instead of additional benefits.

The OVP's traditional constituency has been among farmers, large and small businesses, and lay Catholic groups. Its center of strength is rural Austria. In economic matters, the party advocates conservative financial policies and privatization of much of Austria's nationalized industry. The OVP received 28% in the 1995 ballot.

The Freedom Movement attracts those who desire no association with the two major parties. Recently, the party's mixture of populist and anti-establishment themes has won increased support. Nationally, it attracted 22% in the 1995 elections. The Liberal Forum, more focused on libertarian ideals, split from the Freedom Party in February 1993 and received 5.5% of the vote in the 1995 election. The Greens, a left-of-center party focusing on environmental issues, received 4.8%.

CHAPTER IV. MARKETING U.S. PRODUCTS AND SERVICES

A. Distribution and Sales Channels

Austria can be divided into five marketing areas:

- 1) Vienna, the capital and vicinity;
- 2) pre-alpine provinces: Styria, Lower Austria, and Upper Austria;
- 3) alpine provinces: Carinthia, Tyrol, and Salzburg;
- 4) Vorarlberg in the far-western alps; and
- 5) the eastern flatlands of Burgenland.

A variety of distribution channels are open for U.S. goods to enter the Austrian marketplace, including traditional wholesale distribution and retailing, less traditional catalog and direct marketing methods, as well as franchising, joint ventures and licensing agreements.

Many Austrian firms also distribute to the neighboring markets of Central and Eastern Europe at the wholesale level, and some Austrian retail chains are beginning to build up networks in those countries as well.

B. Product Pricing Structures

Pricing structures vary significantly between and within product groups. Even when concentrating on importers of U.S. products, there is no uniform structure. Importers typically receive U.S. products from central distribution centers in the EU, directly from the United States, or from third countries in Asia. Products are then either used by the importing firm or distributed to wholesalers, retailers, or end-users. The number of resellers depends on the size of the market and the nature of the product.

Not surprisingly, the greatest profits are made with such products as cutting-edge instruments for medicine and industry; the lowest margins are on perishables at the big supermarket chains. In some cases, an additional reseller can actually result in a lower price: for example, buying advertising space directly from a newspaper is significantly more expensive than going through an agent, who can take advantage of volume prices.

C. Retail Trends

Austrian retailing is well into a long overdue modernization process. Austria's accession to the EU in 1995 was a major factor in this change, bringing reforms in the regulatory environment, giving consumers the freedom to shop in neighboring EU countries, and opening the borders completely to the retail

giants of neighboring Germany. What was once a highly regulated and protected environment that supported thousands of small shops and boutiques (with restricted opening hours, a limited selection, and high prices) is now on the way to becoming a modern, consumer-oriented and market-driven retail environment that favors major chains and mega-stores. Price competition is ferocious and concentration in most retail sectors is high and increasing as the giants either merge or buy each other out in their battle for market share. Losers are the small shops and boutiques that make up nearly 90% of all retail enterprises but give up more of their market share from year to year.

In a word, small businesses are in big trouble in Austria. Not surprisingly, this has spawned a movement to protect small retailers from the ravages of the free market. This group recently celebrated two victories with a law that seeks to prevent the new construction of mega-stores and shopping malls, and a crackdown on businesses that dared to open their doors on Sundays. The last word in this battle has not yet been spoken - a recent study lists 32 shopping center projects currently being planned despite the so-called "shopping mall law", which is currently being examined by the Austrian constitutional court (Verfassungsgericht).

Concentration: These figures from a recent market study demonstrate the extreme concentration in many retail sectors:

- electronics: three firms make over 50% of sales
- clothing: five firms have around 28% market share
- shoes: three firms account for over 50% of total sales
- sporting goods: three market leaders make over 70% of sales
- toys: one firm accounts for 25% of total sales
- books: the top three retailers have 12% market share
- druggist and drug-markets: three firms make over 55% of sales
- DIY: four firms have captured 70% of the market
- furniture: one firm makes 32% of total sales

Shopping Malls: The latest figures (1998) show that Austria's shopping malls have a total of 1.3 million square meters of selling space, and with the new law, it is likely that growth will come through the expansion of current centers rather new construction. An example is Austria's first American-style outlet mall, which opened last fall at Parndorf, just off a highway about 35 kilometers east of Vienna. Less than one year after opening, they have nearly doubled in size with nearly 50 outlets, and the expansion is continuing.

Opening Hours: One of the most important influences on consumer behavior in recent years has been the pressure to liberalize shopping hours. Consumers can now spend more time comparing products and prices. Shopping hours in Austria are still much more restricted than in the United States: most stores may only stay open a maximum of 66 hours per week, and that between 6AM and 7:30PM Monday through Friday, and 6AM to 5PM on Saturdays; with a few exceptions, all stores must stay closed on Sundays and holidays. A few brave store-owners in the Vienna area have tried to challenge the Sunday closing requirement, but stiff fines have prevented this movement from gaining much momentum.

Direct Marketing: Within limits set by Austrian law, telephone and direct mail solicitation are very much in evidence in Austria. For interested U.S. firms, a list of Austrian direct marketing firms is available from CS Vienna. Some U.S. companies, including Tupperware and Amway, have established themselves in the Austrian market with multi-level marketing systems.

Catalog Shopping: Catalog shopping is very popular in Austria, where per capita catalog spending is ranked fourth in the world (after Germany, USA, and Switzerland). Catalog sales reached about \$1.5 billion in 1996 (which amounts to per capita spending of about \$190), the last year for which figures are available. By removing from the calculation products not generally available through catalogs (such as tobacco, food, and pharmaceuticals), this form of shopping accounts for about 5% of total retail turnover. Seventy percent of catalog sales are for clothing, 5% each for books, shoes, and furniture; electrical devices 4% and sporting goods 3%. Four major catalog companies dominate the Austrian catalog market: *Quelle*, *Universal Versand*, *Otto Versand*, and *Neckermann* have between them captured 60% of the market. This year they will have a new competitor, the French *La Redoute*, which started Austrian operations in May.

Electronic commerce: e-commerce can be considered a form of catalog shopping, and it is the fastest growing shopping form in Austria. Catalog firms report monthly doubling of orders received per internet. Though actual sales figures are still relatively small, with triple or even four-digit growth, that will soon change.

D. Use of Agents/ Distributors; Finding a Partner

Qualified Austrian agents and distributors can be found for nearly every kind of product. In Austria, all enterprises must

register with and maintain membership in the Federal Economic Chamber (FEC), the official trade and manufacturer's organization. The FEC is divided into six main sections: small-scale service and production (for example, plumbers, electricians, mechanics), trade, manufacturing, credit and insurance, transportation, and tourism. Each industry association has either a newsletter or a publication, and most gather industry-specific statistics and compile a list of members.

Contact information:

Federal Economic Chamber

Tel.: (43 1) 501 05-0 (ask the operator for the section you need)

Fax: (43 1) 502 06- (fax extension according to the section)

Web: www.wk.or.at

Finding Austrian partners for U.S. businesses is a central aim of the U.S. & Foreign Commercial Service in Vienna (CS Vienna). This office, part of the U.S. Embassy in Vienna, is an ideal starting point for any partner search in Austria, be it for an agent, a wholesaler, licensee, franchisee, joint-venture partner, or end-user. CS Vienna can be contacted directly (E-mail: vienna.office.box@mail.doc.gov; Fax: +43.1.310.6917; Tel.: +43.1.313.39.2243) or through a Department of Commerce Export Assistance Center in the United States.

Two special programs have been developed by the Commercial Service in order to assist U.S. firms in their search for foreign business partners. The **Gold Key Service** is designed for U.S. business visitors who would like to meet potential business partners personally. With brochures and price lists supplied by the U.S. firm, CS Vienna contacts the most qualified Austrian firms, introduces them to the products in the German language, assembles background information on the Austrian firms (such as turnover, years in business, number of employees, regions of operation, etc.), and then schedules up to six appointments per day for the U.S. visitor with industry experts and firms interested in distributing your product. U.S. visitors may also choose to visit several countries in a region with back-to-back Gold Keys. You can request an application form directly from the CS Vienna office (address above).

The second program is the **Agent-Distributor Service** (or ADS) and is also designed to help U.S. firms find potential business partners. As with the Gold Key, CS Vienna sends brochures and price lists to the most interesting potential business partners

in Austria, introduces them to the products in the German language, assembles background information about the selected firms, and then reports the results back to the U.S. firm, either directly or through the Department of Commerce. Any appointments or travel plans are then handled directly by the U.S. firm. The ADS program is administered through Department of Commerce Export Assistance Centers in the United States.

CS Vienna also supports trade missions, information seminars featuring U.S. technology, special events, and joint "USA" stands at trade fairs, all of which have produced excellent results for U.S. firms entering the market. CS Vienna can provide interested U.S. firms with information about planned events and upcoming trade fairs at any time. Be alert for CS Vienna's missions of Austrian Buyers visiting major U.S. trade shows.

E. Franchising

Franchising is a small but growing factor in the Austrian economy. Franchising accounts for just over 2% of total retail sales (compared to almost 50% in the United States). The past ten years have seen the total number of franchise systems in Austria increase dramatically, from under 50 at the end of the 1980's to over 250 today. A corresponding increase in the number of franchise owners can also be reported, from under 500 in the late 1980's to around 3,600 in 1998. Current growth in franchise owners is around 10% annually. The growth in the number of franchise systems is somewhat slower at between 3 and 4%.

Around half of the franchise systems operating in this country is of local origin. The top foreign participant in the Austrian franchise market is Germany, with around 25% of the franchise systems, followed by the United States, with about 10% of all the systems operating in Austria. While most German operations either set up a company headquarters in Austria or franchise directly over the (EU internal) border, most American companies choose to expand their operations in Austria through a master franchise partner.

U.S. franchising companies that decide to start operations (or sell master franchise rights) in Austria should be prepared to start slowly. Because this is a country whose traditions and history are very much a part of the individual mentality, most new products and services tend to be met with initial suspicion. This means that the start-up time for a new business is often considerably longer than in other markets - even McDonald's

needed over a decade before they felt they had established themselves securely in Austria. Finding franchise partners who understand what is involved in a franchising contract and are willing to take the risks involved is also difficult, first, because the very idea of franchising is often misunderstood and, second, because the barriers to starting a business in Austria are significant.

That having been said, it must be emphasized that the Austrian market holds truly great potential for U.S. franchising companies. Per capita income is ranked 8th in the world according to World Bank figures, around \$26,000 in 1997. The economy is going through a period of liberalization and consolidation as European integration moves forward. Retail opening hours have been extended, creating greater competition and forcing smaller businesses to consider new strategies in order to survive. Warehousing and logistics practices are rapidly changing as the EU-internal borders disappear. Modern information and communications technologies are dramatically changing the way people work. In short, this is an environment in which U.S. franchising companies likely will find opportunities. Some of the best prospects for franchising companies include business services, schooling and training, retailing, and ethnic food.

The largest franchising systems (in terms of operating units) in Austria are:

1. Ankerbrot (Austria) only recently started selling franchise rights. They are the biggest food-service chain in Austria, with 326 bakeries (including 8 franchise units).
2. Palmers (Austria) is the largest Austrian clothing retail chain, with 292 lingerie shops, 179 of which are franchise units.
3. Gazelle (Austria), a second chain of lingerie shops, has 175 stores, of which 70 are franchise units.
4. Quelle (Germany) is a leading mail-order house that also runs specialty retail stores. They recently began selling franchise rights for small shops that display catalog products and take orders for products. Quelle has 200 outlets in Austria, of which 121 are franchise units.
5. Quelle subsidiary Foto Quelle (Germany) also has operations in Austria. This company specializes in film, including cameras and development. The most popular contract is a

photo-corner as an extra source of revenue in a small shop. There are currently 165 such franchise agreements in place.

6. McDonalds (USA) is rapidly expanding, opening around 20 restaurants annually. They now have close to 120 restaurants, nearly all of which are franchise units.
7. Wienerwald (Austria) is a well-established restaurant chain which began selling franchise rights several years ago. They have 57 restaurants in Austria, 21 of which are franchisees. Interestingly, Wienerwald has a larger presence in Germany, where there are 155 restaurants.

The Austrian Franchise Association is managed by Ms. Waltraud Frauenhuber, whose company Syncon specializes in franchising consulting:

Austrian Franchise Association
c/o Syncon Franchise-Beratung GesmbH
Bayerhamerstrasse 12/1. Stock
A-5020 Salzburg, Austria
Tel.: (43 662) 87 42 45-0
Fax: (43 662) 87 42 45-5
E-mail: office@syncon.at

F. Joint Ventures and Licensing

Joint ventures and licensed production arrangements in Austria offer U.S. firms several advantages, including free access to the European Union market, improved access to Central and Eastern European markets, reduction of transportation costs to European destinations, and high quality production. Joint ventures may be formed as companies, partnerships, or other legal entities.

Austrian companies are receptive to licensing arrangements, especially as a source of technology. Royalty and license fee payments may be freely transferred out of Austria.

In addition to the assistance offered by CS Vienna, U.S. firms seeking joint venture or license partners in Austria will receive valuable information from the Austrian Government's investment organization:

Austrian Business Agency
Opernring 3, A-1010 Vienna, Austria
Tel. (43 1) 588 58-12
Fax: (43 1) 586 8659

Manager for North America: Dr. Robert Budiman
Web: www.aba.gv.at
E-mail: r.budiman@aba.gv.at

G. Steps to Establishing an Office

Establishing a business in Austria is a bureaucratic maze, despite recent efforts to reduce the paperwork involved. Some regions have moved to set up one-stop shops for entrepreneurs, but the jury is still out on how much of the red tape these new offices can really eliminate. The basic process is as follows:

The legal existence of a business begins with its registration in the commercial register (Firmenbuch). This is normally done with the assistance of an Austrian lawyer or notary public, at the appropriate section of the offices of the district management (Bezirkshauptmannschaft) or the magistrate (Magistrat). The registration materials are forwarded by the magistrate to the Federal Economic Chamber; if the materials are complete, the registration process is thereby concluded. Costs associated with the registration of a company include corporate tax, court costs, fees for incorporation, an announcement in the semi-official Austrian newspaper **Die Wiener Zeitung**, and the fees of an attorney or Notary Public. Total costs of about AS 30,000 must be expected, or between 5 and 10% of the capital stock.

Most business activities in Austria are regulated, and require that a separate application be made for a business license (Gewerbeschein). Evidence of proficiency is required for most businesses; usually a passing score on an examination or evidence of prior experience in the field is sufficient. For business activities that do not require proof of proficiency, the business license is granted automatically upon registration of the business. Information about which businesses require proof of proficiency is available from the Economic Chamber of the province where the business will be operated (for Vienna, that is the Wirtschaftskammer Wien).

There are several options available to the investor when deciding on the legal form of an Austrian office, including public corporations, limited liability companies, limited or unlimited commercial partnerships, silent partnerships, branches of foreign enterprises, cooperative societies, and sole proprietorships. Most foreign-owned businesses choose to operate in the form of a limited liability company (Gesellschaft mit beschraenkter Haftung - Ges.m.b.H.).

H. Selling Factors and Techniques

Although both price and quality are important considerations for Austrian industrial and private consumers, there seems to be a greater willingness in Austria than in America to pay more for perceived better quality. Thus, focusing too much on price competitiveness could be read as an admission of inferior quality and actually hurt sales.

I. Advertising and Trade Promotion

While less sophisticated than advertising in America, the local advertising industry has grown about 10% annually for the past decade. In 1998, total spending on advertising reached \$1.78 billion, up 8.84% over 1997. Spending on television advertising accounted for just over 22%, while print media accounted for over 52% of total advertising outlays. The reasons for this somewhat unexpected emphasis are at least partially explained by the following look at Austrian media:

Print media: Austria's most widely read newspaper is the tabloid **Neue Kronen Zeitung**, which offers readers sensational headlines, pin-ups, and a heavily populist-slanted reporting style. This paper enjoys an average daily circulation of over one million, which is astounding considering that the population of Austria is only just under 8 million. A relative newcomer on the daily newspaper scene is **Taeglich Alles**, a full-color tabloid that sells for a discount price. Their average daily circulation is just under 400,000.

The **Kurier** (www2.kurier.at) is something between a tabloid and a quality newspaper, and has an average daily circulation of around 310,000. Their weekly classified edition is very popular. The more educated and affluent readership will read (often in addition) either the slightly more conservative **Die Presse** (www.diepresse.at), the highly respected **Salzburger Nachrichten** (www.salzburg.com), or the somewhat more liberal **Der Standard** (www.derstandard.at), all of which have average daily circulation figures around 100,000.

The daily **Wirtschaftsblatt** (circulation around 40,000) concentrates exclusively on business and economic reporting, and is widely read in the business community.

Broadcast media: Austrian television is a state monopoly. The Austrian Broadcasting Corporation (ORF) operates two television stations, both offering programming with content similar to that of private stations (because they compete with the private

stations available by satellite or cable): news, movies, sports, talk shows, and the inevitable reruns of American sitcoms. There is less advertising than on the average private U.S. network, usually during breaks between programs. Interestingly, the ORF cannot finance its programming through advertising income alone, thus each television owner in Austria is required to pay a television tax (around \$20/month). Nothing comparable to PBS exists here.

Allowing private television broadcast networks is a highly sensitive political issue that is under consideration by the Austrian parliament. At present, there are three possible broadcast slots, one of which is theoretically available. The liberalization act proposed by the federal chancery was put on hold by the parliament while an expert commission determines whether permitting a single analog private broadcaster would eliminate the potential for digital broadcasting. Once that has been determined, the process of making the third slot available for private broadcasting (digital or analog) will begin. We expect this step to be taken shortly after the national elections in October 1999.

Even before that decision is made, the state broadcast monopoly is being challenged by cable and satellite television. Over 65% of Austrian households are capable of receiving either cable or satellite television, both of which offer private German and other European broadcasters, as well as international services, including CNN and MSNBC. A company advertising on German television can probably assume that their ads are being seen in many Austrian households.

After its embarrassing conviction under the European Convention on Human Rights in 1993 (for violating the right of free access to information), Austria moved to liberalize some aspects of the broadcast media. Since August 1996, cable companies have been able to insert local programming and advertising, and several regional radio broadcasters started services in 1997 and 1998. All the currently operating private radio stations are owned by large media conglomerates, that are also involved in print media. The ORF operates several national and regional radio stations, including the English language Blue Danube Radio. The market leader is the state run pop-radio station Ö3, with over 30% market share.

Other advertising venues: Billboard advertising has remained a constant feature of Austrian marketing, and in 1998 accounted for 6.4% of advertising spending. Billboards are displayed along highways and roads, in post offices and phone booths, on

public transportation, and on outdoor pillars along public routes and other heavily frequented places. Sites to place such a billboard may be hard to find, as many advertisers retain the same place year after year.

Store displays and commercial samples also play a significant role in retail promotion (due to the regulated opening hours in Austria, "window shopping" is a literal phenomenon). Displays can be found in shop windows, train stations, streetcar terminals, and airports.

Truth in Advertising: In keeping with the general trend toward better representation of consumer interests, a Consumer Forum has been established in the Austrian Economics Ministry. The forum comprises representatives of political parties, business organizations, labor unions, and business associations. A ministry subcommittee concerned with commercial advertising examines posters, TV, radio, newspaper ads, and entire sales campaigns with regard to their truthfulness, information value, and ethnic sensitivity. The forum can institute proceedings against advertisers who make false claims. Anyone transgressing established commercial usage laws may be sued.

The Government recently lifted the regulation against comparative advertising, thus enabling advertisers to make direct comparisons between their products and services and those of their competitors.

Trade Promotion: National and international trade fairs in most every industry sector can be found in Austria, where between 100-150 fairs are organized every year. Most of the Austrian fairs are open to the general public, and thus take on an advertising function. Austrian importers to a large extent also attend the major European trade fairs. A comprehensive list of Austrian trade fairs and exhibitions is available through the WIFI Austria (Tel: +43.1.501.05.3124, Fax: +43.1.502.06.270. Web: www.wk.or.at/wifi/).

J. Pricing Products

Nearly five years after Austria's entry into the EU, the promised fall in consumer prices become a reality for many products, especially home electronics, computers, and many food items. Several high-profile price comparisons with EU neighbors in the Austrian media brought prices down for some products, including automobiles and blue jeans. When the Euro becomes a common currency, prices are likely to again fall as companies in the EU move toward a single pricing policy. Because Austria is a

high-price country, this single price will likely be to the benefit of Austrian consumers.

Austrian prices remain among the highest in the EU, a situation that can be traced back to the high social costs of labor (including mandatory health insurance and pension fund contributions for employees), extensive agricultural subsidies, the small size of the market, and high taxes. The value-added tax (VAT) on most products and services is 20%. In addition, special taxes are levied on luxury goods, fuel, drinks, and many other items. These taxes quickly add up, and should be taken into consideration when pricing products for sale in Austria.

K. Sales Service/ Customer Support

Customer service and support is weak in Austria. The unlucky customer who purchases a defective product, for example, cannot expect to bring it back to the store the next day for a replacement, but must wait weeks while the product is shipped for repair! While it is true that brand-name sellers generally have extensive customer service networks in Austria, they tend to be unfriendly and difficult to approach. Publicizing American-style guarantees and customer service should prove an excellent marketing tool here.

L. Selling to the Government

The Austrian Government adheres to the WTO (GATT) Agreement on Government Procurement. Austria's Federal Procurement Law was amended in January 1997 to bring its procurement legislation in line with EU guidelines, particularly on services. Austria does not have *buy national* laws, and the principle of the best (not necessarily the lowest) bidder is usually maintained. However, some major contracts are negotiated by invitation, and limited tenders and offset requirements are common in defense contracts.

M. Protecting Your Product from IPR Infringement

Austria is a member of all international intellectual property rights agreements. To begin the process of registering a patent in Austria or in the EU, contact CS Vienna or the Austrian Patent Office directly:

Oesterreichisches Patentamt
(Austrian Patent Office)
Kohlmarkt 8-10, PF 95
A-1014 Vienna, Austria

Tel. (43 1) 534-24
Fax. (43 1) 534-24-535
Web: www.patent.bmwa.gv.at

A list of patent attorneys is available through the Austrian Patent Attorney Chamber:

Oesterreichische Patentanwaltskammer
Museumstrasse 3
A-1070 Vienna, Austria
Tel. and Fax: (43 1) 523 4382
E-mail: pak@patentanwalt.at
Web: www.patentanwalt.at

N. Need for a Local Attorney

Some Austrian law firms can conduct business in English and are familiar with U.S. law. Some are members of the bar in the United States. A list of English-speaking law firms is available at the U.S. Consulate, and through CS Vienna.

CHAPTER V. LEADING SECTORS FOR U.S. EXPORTS

A. Best Prospects for Non-Agricultural Products

1. Computer Software and Services (CSP)

Software and associated services account for nearly two-thirds (67%) of the entire EDP market. Software sales increased by 13.1% in 1998 vis-à-vis 1997 and amounted to AS 38.9 billion (\$3.1 billion). Sales of consulting and system integration services increased 11.1% and accounted for 40.5% of total software sales in 1998. Standard off-the-shelf software accounted for 26.6% of software sales, an increase of 17.2% in 1998. Software sold to individuals amounted to 19.7% of the entire software volume, growing by 19.8% in 1998 over 1997. System maintenance accounts for 6.6%, a decline of 1.9% and training has a share of 6.6% of the entire software market, an increase of 7.5% in 1998.

We expect overall software sales to grow by about 10% in 1999, with an emphasis on purchasing applications for the year 2000 and the implementation of the Euro. The Internet offers new business opportunities, as well as an efficient way to reduce costs in selling products and services. There are about 600,000 commercial Internet users in Austria, and this is growing swiftly. Many industries are developing electronic commerce

projects, but bandwidth and tariff structures are limiting. Graphical user interfaces and integration with office software is "state-of-the-art," while demand for workflow applications increases.

Our figures, above and below, are based on industry and association sources, but must be considered unofficial estimates only.

Data Table (million \$)	1997	1998	1999
A) Total Market Size	2,828	3,230	3,589
B) Local Production	N/A	N/A	N/A
C) Total Exports	N/A	N/A	N/A
D) Total Imports	N/A	N/A	N/A
E) Imports from the U.S.	1,131	1,292	1,435

1998 exchange rate: \$ 1 = AS 12.38 (base year)

Note: The above statistics are unofficial estimates.

2. Automotive parts and equipment (APS)

U.S. exports of automotive parts and equipment to Austria have risen by an order of magnitude this decade. Where total exports in 1991 were only \$30 million, 1998 saw an export value of over \$370 million. The American share of the aftermarket in Austria is still very low at around 5%, though this is understand due to the Rotterdam Effect, i.e., U.S. products enter Austria through an EU border and thus escape the statistics.

The explanation for the phenomenal growth in this sector is to be found in the decision several years ago by Chrysler (now DaimlerChrysler) to invest in assembly operations in Austria, where they have assembled Jeep Cherokees and Voyager vans. We saw a dip in U.S. sales for 1998, reflecting expansion of European production by DaimlerChrysler's suppliers. This will be reversed in 1999 and 2000 with the beginning of assembly operations for the new Mercedes off-road vehicle, which has a U.S. content of over 60%. Planned are 30,000 vehicles per year, increasing DaimlerChrysler's output in Austria by a whopping one-third.

We predict the total market for auto parts and equipment will increase by around 15% in 1999, reflecting the production launch of the new Mercedes. Imports from the United States of automotive parts and equipment will jump significantly in 1999

and 2000, and then tapering off a bit as local content levels are increased.

Data Table (million \$)

	1997	1998	1999
A. Total Market Size	2,162	2,332	2,762
B. Total Local Production	4,539	4,993	5,592
C. Total Exports	4,168	4,595	5,054
D. Total Imports	1,843	1,934	2,224
E. Imports from the U.S.	429	371	427

1998 exchange rate: \$ 1 = AS 12.38 (base year).

Note: The above statistics are unofficial estimates.

3. Aircraft and Parts (AIR)

Diamond Aircraft Industries is Austria's sole general aviation manufacturer, and it produces only motor gliders (the HK 36R Super Diamona). In 1998, Diamond manufactured 75 motor gliders with an estimated value of AS 112.5 million (about \$9.1 million). The firm is developing a new 4-seater Katana A-40, and production will begin in 2000 with about 150 units being rolled out annually in Wiener Neustadt. About 85% of Diamond's production is exported. Diamond uses engines from the Austrian firm ROTAX and avionics from King in the United States and Becker of Germany. Our production figures are obtained from the Civil Aviation Office and directly from Diamond Aircraft Industries.

In 1998, the total aircraft market in Austria amounted to \$344 million (AS 4.3 billion), a decline of 19% (based on AS values) from \$432 million (AS 5.3 billion) in 1997. In 1998, Austrian aircraft and parts imports amounted to \$820 million (AS 10.2 billion), an increase of 59.4% (based on AS values) compared to \$522 million (AS 6.4 billion) in 1997. Obviously, transshipment trade in aircraft parts is extremely important in this market.

We project an average annual growth rate of the Austrian aircraft market at 10%. Growth rates are problematic given the critical importance of government and military contracts, and the possibility of large one-time orders that greatly skew the statistics.

The principal end-users of civil aviation aircraft, parts and equipment are the national carrier Austrian Airlines, Lauda Air, Tyrolean Airways, Rheintalflug (commuter airline), and charter

airlines. Emergency medical services and the police use civilian helicopters. The market for corporate fleets and business charter operators appears saturated. Austrian government agencies are considering significant procurements of helicopters, fighter aircraft and transports.

Data Table (million \$)	1997	1998	1999
A. Total Market Size	432	344	382
B. Total Local Production	6	9	10
C. Total Exports	96	485	539
D. Total Imports	522	820	911
E. Imports from the U.S.	54	325	361

1998 exchange rate : \$ 1 = AS 12.38 (base year).

4. Computers and Peripherals (CPT)

The Austrian market for computers and peripherals grew 4.4% in 1998 vis-à-vis 1997 and amounted to AS 19.2 billion (\$1.6 billion). The turnover for mainframes remained unchanged from the previous year and totaled AS10 million (roughly \$808,000) in 1998. Mid-sized systems declined by 4.7% in 1998 due to increasing demand for PCs. The share of UNIX systems is about 70% among mid-size systems.

PCs dominate computer hardware sales with a market share of 67.6%. Some 460,000 PCs and workstations were sold in Austria in 1998, an increase of 9% in volume and 8.5% in value. Network computers have not had significant commercial impact in this market. The trend for PC servers is toward high performance equipment. Monitors with a 17" screen are standard for PCs, and there is growing demand for 19" screens. Prices for color and laser printers are steadily declining.

The United States is the main source of imports followed by Germany. Industry experts forecast 10% growth for the entire computer hardware sector in value in 1999.

Data Table (million \$)

	1997	1998	1999
A. Total Market Size	1,751	1,845	2,050
B. Total Local Production	1,376	1,450	1,611
C. Total Exports	1,537	1,621	1,801
D. Total Imports	1,912	2,016	2,240
E. Imports from the U.S.	135	142	158

1998 exchange rate: \$1 = AS 12.38 (base year).

Note: The above statistics are unofficial estimates.

5. Drugs and Pharmaceuticals (DRG)

Health care expenditure in Austria represents about 10% of the GDP, higher than in most other European countries. Cost-containment pressure is high and focused on reducing prescription and hospital costs. An aging population, anticipated flexibility in the pricing of innovative products, and growth in private healthcare insurance are expected to have a positive impact on the market.

U.S. products enjoy an excellent reputation with respect to quality and safety. U.S. imports rank third after Germany and Switzerland. Access to the Austrian pharmaceutical market is subject to strict national and EU legislation. FDA-approved pharmaceuticals have excellent qualifications and chances to obtain EU approval. However, FDA approval is not recognized as a substitute for approval by Austrian health authorities.

Product groups which the highest sales shares are: antiulcerants, psychoanaleptics, antidepressants, erythropoietin products, injectable anticoagulants, ACE-inhibitors, cephalosporins, cholesterol and triglycerin reducers, non-narcotic analgesics, and plain, peripheral and cerebral vasotherapeutics.

Data Table (million \$)

	1997	1998	1999
A. Total Market Size	1,727.9	1,901.3	2,187.3
B. Total Local Production	1,357.4	1,425.2	1,510.7
C. Total Exports	1,515.9	1,819.1	2,146.5
D. Total Imports	1,886.4	2,295.2	2,823.1
E. Imports from the U.S.	133.2	153.3	179.4

1998 exchange rate: \$ 1 = AS 12.38 (base year).

Note: The above statistics are unofficial estimates.

6. Travel and Tourism (TRA)

Austrians increasingly prefer to spend their vacations abroad. In 1998, we saw an off year when Austrians spent AS 38 billion (\$3.1 billion) traveling abroad, a decline of 10.5% compared to 1997. They spent AS 2.3 billion (\$186 million) for travel to

the United States, a decline of 15%. We think this was a momentary dip in a general upward trend that will resume in 1999 or 2000.

The United States enjoyed the highest popularity among long-haul destinations (meaning a destination outside Europe) for Austrian travelers. We expect the number of Austrian travelers to the United States to increase about 3% a year. However, there was a marginal decline in 1998 vis-à-vis 1997 of 1.1%. Total arrivals from Austria in 1998 were 185,799. Austria ranked 28th overall for arrivals to the United States. It was the 10th largest market in Europe generating visitors to the United States.

The average age is 37.9 for travelers from Austria to the United States. The top ports of entry for Austrian travelers are in order: New York, Atlanta, Miami, Los Angeles and San Francisco.

The most popular U.S. destinations are New York, Florida (Orlando, Miami), California (San Francisco, Los Angeles, San Diego), National Parks, Nevada and Hawaii. The most popular attractions are Disney World, Disney Land, Universal Studios, Sea World, ranches and shopping malls. Travel industry representatives see potential for adventure trips to Alaska, Washington State, Oregon, Colorado, Texas and Louisiana. However, New York, Florida, California and Las Vegas will remain strong attractions for the Austrian traveler. Repeat travelers choose destinations like New England, the Carolinas, Tennessee, Georgia and the Great Lakes.

Data Table	1997	1998	1999
Total Market Size (Number of Austrians traveling to the United States)	187,942	185,799	191,373

Note: The above statistics are from Tourism Industries, ITA, USDOC.

7. Electronic Components (ELC)

U.S.-made, highly sophisticated active electronic components such as ASIC's, RISC's, RAM's and MOS PLD's have good market opportunities for 1999, and we expect to see annual real import growth rates of 7-9% over the next three years. Imports from the United States (\$100 million in 1998) understate the impact of American companies in this market, because many U.S.

companies source their products from Asian production facilities. Major competitors are Japan and Germany. The 1999 U.S. import market share of electronic components is expected to be 9.5%. Several multinational companies have production facilities of electronic components in Austria. The Austrian firm AMS, partly owned by an American investor's group, is a very strong competitor for U.S. suppliers in the entire European market.

Data Table (million \$)

	1997	1998	1999
A. Total Market Size	1,026.7	1,093.7	1,050.9
B. Total Local Production	992.4	1,008.2	1,010.0
C. Total Exports	940.9	983.7	1,136.2
D. Total Imports	975.2	1,069.2	1,177.1
E. Imports from the U.S.	91.4	100.1	111.2

1998 exchange rate: \$ 1 = AS 12.38 (base year).

Note: The above statistics are unofficial estimates.

8. Pollution Control Equipment (POL)

Austria has long been known as a pioneer in environmental protection, and the country's environmental expenditures equal a lofty 2.3% of the Austria's GDP. The European Union average is 1.4%.

Austria has a well-established environmental technology base and environmental industry. Strict environmental legislation has produced considerable local know-how and demand for the best available technology. Austrian industry is particularly strong position in water management and air pollution control and has great expertise in end-of-pipe technologies and pollution prevention systems. Some 55% of industrial innovations concern environmental aspects of products. There are around 250 suppliers of environmental products in Austria, excluding companies supplying environmental services. U.S. companies will find strong competition from both domestic and third-country suppliers, especially Germany.

That said, there are some promising prospects for U.S. exporters in this competitive market. Industry experts tell us that technologies and equipment for waste management, soil remediation, remediation of contaminated sites and waste-to-energy technologies offer promising opportunities. Our best

prospects include innovative analyzing instruments, measuring and monitoring instruments and apparatus, computers for measurement and analysis, and computer software. The best opportunities are seen for smaller, portable equipment that needs a minimum of attendance, that can calibrate and "zero" itself, and is robust enough to survive extreme conditions without constant supervision. Remote sensing technologies may also find a market.

Data Table (million \$)

	1997	1998	1999
A. Total Market Size	3,673.4	3,991.3	4,286.8
B. Total Local Production	2,198.7	2,374.9	2,541.1
C. Total Exports	1,037.9	1,123.2	1,213.1
D. Total Imports	2,512.6	2,739.6	2,958.8
E. Imports from the U.S.	84.5	88.7	93.1

1998 exchange rate: \$ 1 = AS 12.38 (base year).

Note: The above statistics are unofficial estimates.

9. Medical Equipment (MED)

With its location in Central Europe and as one of the EU member states, Austria represents a desirable, affluent pilot market for U.S.-made advanced medical equipment. U.S. manufacturers have good opportunities in the Austrian market with such state-of-the-art diagnostic equipment as electrocardiographs, ultrasound apparatus, endoscopes, scanners, computer tomograph imaging equipment, dialysis equipment, pace makers, sophisticated digitalized x-ray equipment, nuclear medical instruments and clinical laboratory equipment. An annual 4% real growth rate of U.S. imports over the next three years seems realistic. U.S. manufacturers have seized a respectable portion of the medical equipment market and are the second-largest supplier following Germany. Our share of the import market for medical equipment is expected to be 11.6% in 1999. U.S.-engineered medical equipment sales are actually much larger than reflected in official import statistics, as many products imported from Western Europe and Far Eastern countries were assembled by subsidiaries of U.S. firms.

Data Table (million \$)

1997	1998	1999
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A.	Total Market Size	378.5	390.5	413.3
B.	Total Local Production	153.9	159.6	168.2
C.	Total Exports	194.1	205.2	221.8
D.	Total Imports	412.7	436.1	466.9
E.	Imports from the U.S.	48.7	51.4	54.0

1998 exchange rate: \$ 1 = AS 12.38 (base year).

Note: The above statistics are unofficial estimates.

10. Telecommunications (TEL)

The Austrian telecommunications market is liberalized, well developed and highly competitive. Despite the liberalization, Telekom Austria, the former monopolist, continues to dominate the market, but is under great pressure to maintain its market-leading position and become more competitive. There are about forty licensed fixed network operators and three cellular operators who pose a threat to Telekom Austria's dominance. The prime competitors in the fixed market are tele.ring (majority-owned by Mannesmann), UTA Telekom, (owned by Swisscom and nine Austrian regional electricity utilities), and Priority Telecom which offers services over Telekabel, Austria's largest cable TV company (ultimately owned by U.S.-based United International Holding). Additional U.S. operators include RSL COM and MCI/Worldcom.

Mobilkom, a Telekom Austria subsidiary, is the premier cellular operator, but there are two challengers: max.mobil (majority-owned by Deutsche Telekom) and Connect Austria (owned by Radex Haraklith, VIAG, Orange and Tele Danmark). A fourth mobile license was awarded to tele.ring in May 1999, which expects to start operations in the first half of 2000.

The main equipment suppliers are Siemens, Kapsch, Alcatel, Ericsson, Nokia, as well as Motorola, Lucent Technologies, and Cisco Systems.

The fastest growing market segment is the mobile phone market. Between April 1998 and April 1999, the Austrian cellular market expanded by 15.8%. With a market penetration rate of 32.6%, Austria ranks seventh behind Finland, Sweden, Denmark, Italy, Portugal and Luxembourg and lies far ahead of Germany. We anticipate a market penetration of 40% or more at the end of 1999.

Imports of U.S. telecommunications equipment rank second after Germany and ahead of Sweden, Japan and France. American telecom

products enjoy an excellent reputation and are known for state-of-the-art technology. Unique product features, design, quality and price, as well as technical assistance and reliable after-sales service, are determining factors for long-term sales and profitability. The best sales prospects for U.S. suppliers include mobile infrastructure equipment, mobile terminal equipment (GSM/DCS 1800 and DECT), ISDN terminal equipment, business communications equipment, teleconferencing equipment, value-added services, Internet applications and services, and call center equipment and services. GE Capital is expanding a call center in Burgenland, and we hear reports of other call centers likely to be established in Austria.

Data Table (million \$)

	1997	1998	1999
F. Total Market Size	804.7	844.5	889.4
G. Total Local Production	842.1	883.2	927.4
H. Total Exports	588.1	617.5	651.5
I. Total Imports	550.7	578.8	613.5
J. Imports from the U.S.	67.1	69.0	71.4

1998 exchange rate: \$ 1 = AS 12.38 (base year).

Note: The above statistics are unofficial estimates for telecommunications equipment. There are no statistics or estimates available for telecom services.

11. Franchising (FRA)

Franchising is a small but growing factor in the Austrian economy. With 258 systems and over 3,600 franchisees, we estimate that Austrian franchising sales account for around 2% of total retail sales (compared to nearly 50% in the United States). Austria is a challenging market for U.S. franchising firms, but has considerable potential. We predict 10% annual growth in the number of franchisees and 3-4% growth in franchising systems. (See Chapter IV.C. above for more on franchising in Austria.)

Data Table

	1997	1998	1999
F. Total Franchise Systems	250	258	266
G. Total Franchise Businesses	3,390	3,596	3,955

H. Total Austrian Systems	116	120	123
I. Total Foreign Systems	134	138	143
J. Total U.S. Systems	22	25	27

Note: Our statistics are unofficial estimates. The figures for 1998 were provided by the Austrian Franchise Association, which switched from making projections to collecting information that year.

12. Industrial Chemicals (ICH)

Growth in this industry slowed in 1998, but industry experts expect a resumption of growth in 1999. As a result of sharp competition from Central European and Far East countries, many Austrian producers of chemical commodity items are switching to more competitive products and specialties, which raises the possibility of sales for U.S.-sourced intermediate chemicals and precursor products.

Industrial chemicals from the United States are well accepted in Austria. With an import share of about 6 per cent, we rank behind Germany, the Netherlands, Italy, Hungary, the Czech Republic and France. Sales opportunities for U.S. suppliers include photo-chemicals, raw materials and intermediaries for the pharmaceutical industry, dyes and pigments and environment-friendly "soft" chemical substitutes for hazardous substances.

Data Table (million \$)

	1997	1998	1999
A. Total Market Size	902.2	906.7	927.5
B. Total Local Production	819.2	827.4	851.8
C. Total Exports	576.7	594.0	617.8
F. Total Imports	660.1	673.3	693.5
G. Imports from the U.S.	43.5	44.8	46.1

1998 exchange rate: \$ 1 = AS 12.38 (base year).

Note: The above statistics are unofficial estimates.

B. Best Prospects for Agricultural Products

Beef

Although Austria is a large beef producer, there are market opportunities for certain U.S. beef cuts.

In the years before EU accession in 1995, Austria imported 800 to 1,000 MT of U.S. high quality beef (USHQB) worth about AS 100 million annually. Following EU accession, Austria had to apply EU veterinary regulations that resulted in a sharp drop in imports of USHQB.

Only beef produced under the "hormone free cattle" program is permitted to enter the country. It is imported by companies that traditionally sell to first class restaurants. In these restaurants, particularly in the larger cities and tourist areas, there is a good demand for high quality tenderloins, strip loins, and T-bone steaks. U.S. high quality beef has a good reputation in Austria.

The price of U.S. "hormone free beef" beef produced hormone free is relatively high and thus such beef has only a limited market in Austria. Our main competitors are Austria's own producers and suppliers from other EU members, particularly Germany. Imports from Argentina are small.

Data Table (million \$)

	1997	1998	1999
Total Market Size	453	423	423
Total Local Production	553	549	551
Total Exports	148	185	186
Total Imports	48	59	58
Imports from the U.S.	1	2	2

1997 exchange rate: US\$ 1 = AS 12.21

1998 exchange rate: US\$ 1 = AS 12.38 (base year)

First half of 1999 exchange rate: US\$ 1 = AS 12.63

Note: Except 1997 and 1998 import and export figures, the above statistics are unofficial estimates.

Rice (Including Broken Rice)

Rice consumption is fluctuating but is expected to continue its generally rising trend. As a consequence of the ongoing health wave, brown rice consumption should increase more distinctly. The major share of rice comes from mills in Germany, Belgium, and the Netherlands. A large part of these imports is U.S. rice. Direct imports from the United States do not reflect the actual imports of U.S. rice. Main competitors for U.S. rice are Italy and Thailand.

Data Table (million \$)

	1997	1998	1999
Total Market Size	26	25	26
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	26	25	26
Imports from the U.S.	3	2	2

1997 exchange rate: US\$ 1 = AS 12.21

1998 exchange rate: US\$ 1 = AS 12.38 (base year)

First half of 1999 exchange rate: US\$ 1 = AS 12.63

Note: Except 1997 and 1998 import and export figures, the above statistics are unofficial estimates.

Pet Food

With a growing number of both single households and older people seeking contact to living beings, the number of pets has been rising for a long time. As pet food meets only 34% of dietary needs of Austria's dogs and 38% of cats, Austria's pet food market should increase considerably in the next few years. It is believed that in the long term 80% penetration of the Austrian market will be possible.

Most pet food is sold in supermarket chains, drug stores and gas station convenience stores. In addition, pet food is sold by veterinarians and pet shops. Around 3% of the total dog and cat food is marketed by non-grocery outlets.

The lion's share of pet food imports comes from other EU countries (70%), followed by eastern and central Europe. The predominant suppliers are France and Germany. About 5% comes from the United States. Austria is a net exporter of pet food.

Pet food is defined as livestock feed. No registration is required for marketing pet food in Austria, but the product must comply with EU regulations.

Data Table (million \$)

	1997	1998	1999
Total Market Size	200	201	205
Total Local Production	207	209	212
Total Exports	62	65	66
Total Imports	55	57	59
Imports from the U.S.	4	5	5

1997 exchange rate: US\$1 = AS 12.21

1998 exchange rate: US\$ 1 = AS 12.38 (base year)

First half of 1999 exchange rate: US\$ 1 = AS 12.63

Note: Except 1997 and 1998 import and export figures, the above statistics are unofficial estimates.

Wine

Austrian wine production fluctuates greatly. The average wine output is about 2.5 million hectoliters/year, which corresponds roughly to the annual wine consumption. Large quantities of wine are imported and exported. The predominant suppliers are Italy, France, and Spain delivering mainly red wines.

Imports of U.S. wines have been small as these wines are not well known to the public and the import duty for non-EU wines is high. However, there is a niche market for California wine, particularly red wine of high quality. Intensive promotion of California wines has been carried out and has begun to step up U.S. sales. Many California wines are imported from German wholesalers and thus do not appear as U.S. products in the official trade statistics.

Austria's formerly strict labeling laws for wine have been replaced by EU labeling requirements.

Data Table (million \$)

	1997	1998	1999	
Total Market Size	348	445	456	
Total Local Production	296	388	404	
Total Exports	32	35	40	
Total Imports	84	92	92	
Imports from the U.S.	2	2	2	

1997 exchange rate: US\$ 1 = AS 12.21

1998 exchange rate: US\$ 1 = AS 12.38 (base year)

First half of 1999 exchange rate: US\$ 1 = AS 12.63

Note: Except 1997 and 1998 import and export figures, the above statistics are unofficial estimates.

Nuts

Except for walnuts and hazelnuts, of which variable quantities are produced within Austria, all other nuts are imported. The United States has a considerable market share that can be further expanded. U.S. opportunities are in the high quality sector of shelled products.

The main competitor on the growing pistachio market is traditionally Iran and for hazelnuts Turkey and south European countries. Pecans are almost unknown in Austria and have only a small market. Promotions could increase this market to the benefit of U.S. producers; the United States provides around 80% of the small Austrian pecan market. The large almond market (around AS 130 million) is dominated by the U.S. (60%). The main competitor is Spain. Macadamias are rarely seen.

Data Table (million \$)

	1997	1998	1999	
Total Market Size	67		54	71
Total Local Production	18	21	20	
Total Exports	8	7	6	
Total Imports	57	40	57	
Imports from the U.S.	10	8	12	

1997 exchange rate: US\$ 1 = AS 12.21

1998 exchange rate: US\$ 1 = AS 12.38 (base year)

First half of 1999 exchange rate: US\$ 1 = AS 12.63

Note: Except 1997 and 1998 import and export figures, the above statistics are unofficial estimates.

CHAPTER VI. TRADE REGULATIONS, CUSTOMS, AND STANDARDS

A. Trade Barriers, including Tariff and Non-Tariff Barriers

When Austria became a member of the EU on January 1, 1995, about two-thirds of existing tariffs were lowered or eliminated, while about one-third was raised. U.S. exports of chemicals, plastics, computers, photographic equipment, semiconductors, and integrated circuits were affected adversely by Austria's accession to the EU. The EU's common agricultural policy (CAP) also has had a negative impact on exports of U.S. agricultural products to Austria. Import duties for key U.S. agricultural products, such as tobacco and rice, rose considerably.

In general, there are no non-tariff barriers for U.S. companies entering the Austrian market. Nevertheless, some U.S. pharmaceutical companies have complained about restricted access to the Austrian market. A U.S. firm seeking to market a drug in Austria must first obtain the approval by the Austrian Social Insurance Holding Organization (Hauptverband der Oesterreichischen Sozialversicherungstraeger). According to critics, the non-transparent procedures by which the

Hauptverband approves drugs for reimbursement under Austrian health insurance regulations has perpetuated a closed market system favoring established suppliers. Pharmaceuticals not approved by the Hauptverband have higher out-of pocket costs for Austrian patients and therefore suffer a competitive disadvantage vis-à-vis approved products.

Over half of all products from non-EU countries enter without any tariff. The average EU tariff level for manufactured goods is relatively low at 3.5%, but some goods are taxed at a higher rate. For example, passenger cars and office machines are dutiable at about 10%. For certain kinds of shoes and special motor vehicles, the rate may be up to 18%.

Some goods are subject to tariff quotas, whereby after a certain quantity of the good has entered the EU at a low or zero duty rate, the rate is increased. These are primarily goods determined to be useful to the European economy only in certain quantities, generally raw materials or parts. The most important tariff quotas for manufactured goods are on chemicals and electronics. Both are administered on a first-come, first-served licensing basis. The Austrian importer can get information about the extent to which the quota has been filled through the Customs Office **Suben**, which has an on-line connection to Brussels, as well as through the Main Customs Offices (Hauptzollaemter) of the Ministry of Finance.

B. Customs Regulations and Tariff Rates

The Austrian customs regime is based on the "TARIC" (integrated tariff of the EU), determined in Brussels.

C. Import Taxes including Value Added Taxes

When a delivery is made to Austria, the products become liable to the import value-added tax (Einfuhrumsatzsteuer) upon entry in the Austrian customs area. The import value-added tax is assessed according to the customs value of imported goods. The importer is entitled to claim a refund of the import value-added tax from the tax office once the product is sold further in the distribution chain.

Finally, the end-user is liable to the Value Added Tax (VAT) which generally amounts to 20% in Austria. For food products the VAT is 10% only. Alcoholic beverages fall into the 20% VAT category.

The rates for the import value-added tax and the VAT are identical. The VAT is a pure tax on transactions, that solely affects the end-user and thus has no effect on the cost of transactions between businesses. In short, VAT has a purely transitory character.

D. Import License Requirements

The European Union, and therefore Austria, requires import licenses for a number of products, first and foremost for agricultural produce and products. This holds for all originating countries, including the United States. Special rules apply for imports of particular products and countries, such as shoes from the PRC. European Union import quotas are managed through the granting of import licenses to qualified firms. In general, an Austrian importer must possess an export license from the supplier country, and then obtain permission to import from the Austrian authorities (Einfuhrbewilligung). For imports of agricultural products, importers should contact Agrar Markt Austria (AMA), Dresdner Strasse 70, A-1201 Vienna, Tel: (43 1) 331 51-0. The licensing authority for most other goods is the Austrian Ministry of Economic Affairs, Landstrasser Hauptstrasse 55-57, A-1030 Vienna, Tel: (43 1) 711 02-0 (different offices depending on the product).

The import of war materiel requires a license and individual approval of each shipment. The licensing authority responsible for these products is the Austrian Ministry of the Interior (see Appendix E for contact information).

E. Temporary Goods Entry Requirements

There are no tariffs imposed on goods that enter Austria on a temporary basis for a particular purpose, such as transit goods or goods intended for demonstration or exhibition at trade fairs. A security deposit is required.

In the case of a commodity that is imported on a temporary basis to be used and returned (such as machinery), a compensatory levy of 3% per month applies if the commodity would be dutiable if imported permanently into Austria.

F. Special Import/Export Requirements

Austria complies with the special import provisions administered by the EU, including the Generalized System of Preferences, the Multi-Fiber Arrangement, as well as cooperation and association agreements with most Central and Eastern European countries.

In order to bring goods from a third country into Austria and thus into the EU market, a customs declaration must be made by a resident of the EU. Depending on the product and the country from which it is being imported, specific evidence (such as proof of country of origin) must be included. Where a tariff applies, the duty is collected immediately or, in cases where deferred payment can be made (such as import through a forwarding agency), is payable by the 15th of the following month.

Austrian exporters are required to report intended transactions to the Export Customs Authority if the value of the goods exceeds ATS 40,000. Most goods require no special permission for export (the exception pertains to strategic items). The content of the shipment is verified at an external border of the EU.

G. Labeling Requirements

Austrian labeling and marking requirements are in some respects not as strict as those in the United States. Nutritional information is not required on food products, nor are safety warnings mandated on electrical devices. The most important requirements include washing instructions on textiles, and certification of safety (the CE mark) on machines, toys, and baby accessories. It is not required that labeling be in German, though this may be advisable for marketing reasons.

Efforts are underway to harmonize EU labeling and marking requirements along with quality and safety standards. Ultimately, a CE mark will be required for most U.S. manufactured imports. Until that time, the regulations are a frustrating mix of national, EU, and international requirements.

Products that are inadequately labeled are not turned away at the border. The person importing the product bears the responsibility to ensure products are certified and properly marked before they are offered for sale. There is no special procedure required for importers claiming non-marked products at the border. In the future, a form will be required, enabling the product to be traced.

H. Prohibited Imports

The import of certain commodities into Austria is prohibited, usually the result of international sanctions and the like. A variety of goods and commodities are subject to import (and export) restrictions to protect the safety and lives of humans, animals and plants, safeguard national security, or to protect artistic, cultural or intellectual property. Examples would be restrictions on the import of food stuffs, wines, drugs, pharmaceuticals, seeds, war materiel, antiques, etc.

I. Warranty and Non-Warranty Repairs

If replacement parts for warranty or non-warranty repairs of a product are brought into Austria on a temporarily base and the products are re-exported after repair, no duties and taxes will be charged for this transaction. This would be handled by a carnet in the so-called excise bond procedure.

J. Export Controls

Austria is a member of key multilateral export control and non-proliferation arrangements including the Wassenaar Arrangement. The scope of Austrian export control regulations is not as inclusive as U.S. regulations, but the export of nuclear, biological and chemical goods, items and technologies, as well as dual-use items, is regulated by law.

In accordance with EU regulations, the export and re-export of goods to states under sanctions requires a special export license issued by the Austrian Ministry of Economic Affairs.

The export or transit of goods on the Wassenaar ammunition list requires a license from the Austrian Ministry of Economic Affairs. War materiel for export or transit is subject to a license by the Austrian Ministry of the Interior.

Contact person for further questions:

Dr. Helmut Krehlik
Austrian Ministry of Economic Affairs
Landstrasse Hauptstrasse 55-59
1030 Vienna, Austria
Tel.: (43 1) 711 02 345
Fax: (43 1) 715 83 47

K. Standards

Austria is a signatory to the WTO (GATT) Agreement on Product Standards. As a member of the European Union, Austria is obligated to adopt European standards. While some European standards are already legally binding, others may still be in a transition phase, and still others may be awaiting national implementation. In the absence of a European standard, the national standard will apply.

National Standards: Austrian national standards are prepared and administered by the Austrian Bureau of Standards (Oesterreichisches Normungsinstitut - ON), a private non-profit organization incorporated by the Austrian Parliament in the Standards Act of 1971 as the only Austrian body to issue and endorse Austrian standards. The ON can also provide information on non-governmental standards.

Oesterreichisches Normungsinstitut (ON)
(Austrian Bureau of Standards)
Heinestrasse 38, Postfach 130
A-1021 Vienna, Austria
Tel: (43 1) 213 00-613
Fax: (43 1) 213 00-650

The ON prepares standards in a variety of fields: ores and metals, mechanical engineering, building and construction, health and medical equipment, non-metallic materials, chemical and allied industries, special technologies, personal safety, food, environment, and waste management.

About 90% of the standards ON prepares are voluntary. The ISO 9000 series of quality management standards is one of the most important voluntary standards in Austria, and has become almost a requirement in many industries.

The ON also produces an annual catalogue of its standards, the **ON-KATALOG**, which is a compilation of all standards currently applied in Austria. A monthly magazine, **CONNEX**, provides information on the latest changes in national, European and international standards. **ON InfoPoint** is a commercial information service which will provide clients with updates on standards and technical regulations in Austria and abroad. Contact ON directly to access any of these publications or services.

EU Standards and Harmonization: The harmonization of standards requirements for the entire EU is being tackled on a product-by-product basis. In each case, full implementation follows only after a transition period. Until the United States

and the EU ratify an agreement on mutual recognition of safety certification for a particular product area (i.e., a product needs to be tested just once before being marketed on either side of the Atlantic), most American products sold in the EU will require the "CE" mark (the certification that a product has met EU safety and quality standards) once all directives have been passed and all transition periods have expired. Austrian consumers look for these marks the same way Americans look for the "UL" mark.

The current mix of national and EU standards requirements can be frustrating for the U.S. exporter. Those products for which an EU directive has been issued are subject to EU standards requirements, that supersede any national requirements. Manufactured goods falling under an EU directive must be tested and certified, and carry the "CE" mark in those countries in which the transition period has expired. Those products for which no directive has been issued continue to be subject to national requirements. Assistance in determining which standards apply to particular products designated for export is available at CS Vienna.

Both EU requirements and the standards for an Austrian quality or performance mark will often require that a product be modified. Even if the product does not require modification, it will require testing and certification before it can be marketed.

Contact information for EU "CE" standards:

Single Internal Market Information Service
Office of European Community Affairs
Room H3036
International Trade Administration
U.S. Department of Commerce
Washington, D.C. 20230
Phone: (202) 482-5823
Fax: (202) 482-2155

Inquiries regarding technical trade barriers should be directed to the Federal Ministry of Economics:

Bundesministerium fuer wirtschaftliche Angelegenheiten
(Austrian Federal Economic Ministry)
Abteilung 1/5
Stubenring 1
A-1011 Vienna, Austria
Tel.: (43 1) 711 00-5452

Fax: (43 1) 713 79 95

U.S. contacts for foreign standards information:

National Institute of Standards and
Verification of Information
Building 820, Room 164
Gaithersburg, MD 20899
Phone: (301) 975-4040
Fax.: (301) 926-1559

Ms. Kathryn Novelli
DAUSTR for Europe and Mediterranean
Office of the U.S. Trade Representative
600 17th Street, NW, Room 323
Washington, D.C. 20508
Phone: (202) 395-3320
Fax.: (202) 395-3974

American National Standards Institute
11 West 42nd Street
13th Floor
New York, NY 10036
Phone: (212) 642-4900
Fax: (212) 302-1286

L. Free Trade Zones/Warehouses

Free trade zones (EU Freilager), outside the Austrian/EU customs territory, are located in Graz, Linz, Bad Hall near Innsbruck, and Vienna-Freudenau. They are a convenient way to temporarily store transit goods without having to pay customs duties. They play little role in sales into Austria.

M. Membership in Free Trade Agreements

As an EU member, Austria participates in the European Economic Area (EEA). Austria is also a member of the World Trade Organization (WTO). Although Austria has no bilateral free trade agreements, as an EU member it participates in all EU trade agreements, including:

- **Association agreements (Europe agreements)** involving political and economic elements in addition to tariff reductions. Agreements are in place with Bulgaria, the Czech Republic, Hungary, Poland, Romania, and Slovakia. Association agreements have been signed with the Baltic states and Slovenia.

- **Free trade agreements** primarily involving reductions in tariffs. Agreements are in place with Estonia, Latvia, and Lithuania.
- **Cooperation agreements** concentrating on increasing trade and cooperation, in place with Belarus, Kazakhstan, Kyrgystan, Moldova, Russia, and Ukraine.

In addition, there are trade agreements in place with Cyprus, Malta, and Israel; a customs union agreement with Turkey; and agreements have been negotiated with Morocco, Tunisia, Egypt and Syria. The EU extends customs preferences to many African and Caribbean states.

N. Customs Contact Information

Hauptzollamt Wien (Central Customs Office-Vienna)
 Zolldokumentationsstelle
 Schnirchgasse 9
 A-1030 Vienna, Austria
 Tel.: (43 1) 795 90 3200
 Fax: (43 1) 795 90 2399
 E-mail: N/A
 Web address: www.bmf.gv.at

CHAPTER VII. INVESTMENT CLIMATE

A. Host Country Policies and Practices

A.1. Openness to Foreign Investment

Government attitude toward foreign private investment:

The Government of Austria generally welcomes all foreign direct investment, particularly those investments that create new jobs in high technology, promote capital intensive industries, are linked with research activities, improve productivity, replace imports, increase exports, and do not have a negative impact on the environment. In some regions, Austria also offers special facilities and services ("cluster" packages) to foreign investors, for example, for manufacturers of semiconductor chips, silicon and high-tech products or for automotive producers. Austria's basic policies toward foreign direct investment are not expected to change in coming years. A large number of foreign firms, including more than 370 U.S. companies,

have invested in Austria and most have expanded their original investment over time.

The Austrian government has made a major effort to improve the investment climate, seeking to further liberalize and deregulate its economy. However, the failure of the Economic Ministry's "one-stop shop" plan, designed to reduce regulatory red tape by allowing investors to obtain all necessary permits in one location, has raised questions over the government's commitment to deregulation.

The OECD's review of the Austrian economy in March 1999 noted that while entrepreneurial activity has increased in recent years, conditions for promoting entrepreneurship and investment need further strengthening.

A 1999 comparison of business costs in Austria and the G-7 countries by international consultant KPMG ranked Austria in the middle. Overall costs in Austria were similar to that of France and Italy, lower than in Germany and Japan, but higher than in the U.S., Canada and the U.K. The study designated Austria as the most attractive investment location in terms of low corporate tax rates. A 1998 survey of U.S. Investor Confidence conducted by the American Chamber of Commerce in Austria and the U.S. Embassy showed that U.S. investors were generally satisfied with Austria as an investment location. However, both studies found that high electricity and telecom costs serve as disincentives to investment. These costs have started to come down substantially in response to liberalization and competition. For example, since February 1999, large energy users are now free to contract with foreign suppliers for their electricity needs. Firms have also been able to significantly reduce their telecom bills by selecting from among a great number of private telecom suppliers. These suppliers have been hindered, however, by insufficient access to Austria Telekom's lines, making the greater choice somewhat problematic. Strong productivity growth in combination with moderate wage increases have also resulted in lower costs for international investors.

There are no formal sectional or geographic restrictions on foreign investment, although investment in sectors with excess capacity, such as steel, textiles, and paper, is not encouraged. Financial and tax incentives within EU parameters are offered to firms undertaking projects in economically depressed areas and underdeveloped districts on Austria's eastern borders. Some of these geographic areas are also eligible for subsidies under EU programs. The only instances of local opposition to investment in the manufacturing sector have arisen out of environmental

concerns. Potential U.S. investors need to factor into their decision-making process Austria's strict environmental laws. Additionally, Austria has tight restrictions on the introduction of biotechnology products, together with strict liability regulations for research, production, and distribution of genetically modified organisms (GMOs).

Acquisitions, mergers, takeovers, cartels

International acquisitions and takeovers of domestic enterprises are permitted in Austria. As of January 1, 2000, investors will confront stricter cartel regulations. International cartels are not prohibited, but are subject to oversight by the cartel court to prevent the abuse of market power. The consent of the cartel court must be obtained, requiring that the applicant refrain from market behavior that would limit or impede competition. Selling below the cost price is now considered one possible abuse of a dominant market position. The cartel court must be notified of mergers and acquisitions if combined world wide sales are in excess of AS 4.2 billion (US\$ 339 million), if domestic sales exceed AS 210 million (US\$ 17 million), or if two of the firms involved each have world wide sales exceeding AS 28 million (US\$ 2.3 million).

A new takeover law aims at providing investors better protection, improved financial information and protection against insider trading. It applies to both friendly and unsolicited takeovers of corporations headquartered in Austria and listed on the Vienna Stock Exchange. Any shareholder obtaining a controlling stake in a corporation (30% or more of all shares) is required to offer to buy out smaller shareholders at a defined "fair market" price. An independent takeover commission at the Vienna Stock Exchange will oversee compliance.

Screening mechanisms

Only those foreign investments with government financial assistance are subject to government overview. Screening is intended only to ensure compliance with EU regulations which limit such assistance to disadvantaged geographic areas.

Privatization

In the ongoing privatization of public enterprises, foreign and domestic investors are, in principle, treated equally. Privatizations involving banks or basic industries adhere to a stated policy of "maintaining the Austrian interest." However, with no specific regulations on how this goal is to be achieved,

foreign investors have been successful in obtaining shares in important Austrian industry sectors, for example the telecom and energy sectors.

Treatment of foreign investors

There is no discrimination against foreign investors. However, foreign investors are required to meet a number of regulations. Although participation by Austrian citizens in ownership or management is not required, at least one manager must meet residence and other legal qualifications. Non-residents must appoint a representative in Austria. Expatriates are allowed to deduct certain expenses (costs associated with moving, maintaining a double residence, education of children) from Austrian-earned income.

Investment incentives

Forty-one percent of Austria's land area is eligible for support under various EU structural fund programs. The Austrian federal, provincial, and local governments also provide financial incentives within EU parameters to promote investments in Austria. Incentives under these programs are equally available to domestic and foreign investors and range from tax incentives to preferential loans, guarantees and grants. Most of these incentives are available only if the planned investment meets specified criteria (e.g., implementation of new technology, reducing unemployment, etc.).

A.2. Conversion and Transfer Policies

There are no restrictions on converting or transferring funds associated with foreign investment. The Austrian National Bank (ANB) has fully liberalized all cross-border capital transactions for non-residents and residents, including the acquisition of Austrian securities, debt service, and the repatriation of profits, interest payments, dividends, and proceeds from the sale of an investment.

The Austrian schilling is a freely convertible currency. On January 1, 1999, Austria became one of the eleven members of the Economic and Monetary Union (EMU) and adopted the common Euro currency, which will fully replace the schilling for all transactions, including cash, at the beginning of 2002. Effective July 1, 2002, the Austrian schilling will no longer be an official payment instrument. On December 31, 1998, the exchange rate for Euro 1.00 was irrevocably fixed at Austrian

schillings 13.7603. Investors will therefore be shielded from any exchange rate risk of the schilling against the ten other participating currencies during the transition to the Euro in 2002.

With the start of the EMU on January 1, 1999, the Austrian National Bank transferred its monetary policy responsibilities to the European Central Bank (ECB), in which the Austrian National Bank has one seat and one vote on the Governing Council that sets monetary policy in the EMU area. This transfer did not represent a policy change because the ECB's declared goal of stability continues Austria's previous successful "hard schilling policy," in which the schilling was pegged to the German mark.

A.3. Expropriation and Compensation

Expropriation of private property in Austria is rare and may proceed only on the basis of special legal authorization. It can be instigated only when no other alternative for satisfying the public interest exists; when the action is exclusively in the public interest; and when the owner receives just compensation. The expropriation process is fully transparent and non-discriminatory towards foreign firms.

A.4. Dispute Settlement

The Austrian legal system provides an effective means for protecting property and contractual rights of nationals and foreigners. Additionally, Austria is a member of the International Center for the Settlement of Investment Disputes. There have been no recent reports of bilateral investment disputes.

A.5. Performance Requirements/Incentives

Although not required in order to gain access to tax incentives, performance requirements may be imposed when foreign investors seek financial or other assistance from the Austrian government. There is no requirement, however, that nationals hold shares in foreign investments, that the share of foreign equity be reduced over time, or that technology be transferred.

The U.S. and Austria are signatories to a 1931 Treaty of Friendship, Commerce, and Consular Rights. A new immigration

law went into effect in Austria in 1998 which brought critical improvements in visa requirements concerning the American business community in Austria. While the new law cut down on the overall number of immigration slots, other categories, such as key managers, intra-company transferees and management trainers - and their families - have benefited from a newly created category of temporary visas with no numerical limitations. Recruitment of long-term overseas specialists or those with managerial duties is under quota-controls.

While the American Chamber of Commerce's 1997 Investor Confidence Survey found that a majority of U.S. subsidiaries in Austria consider visa and work permit requirements to be overly bureaucratic, the situation has improved since then. Although immigration reform cut overall numbers of immigration slots, the temporary admission of intra-company transferees in management positions is no longer subject to numerical limitations. The follow-up survey done in 1998 showed that investors were generally satisfied in getting key non-Austrian staff into the country. Companies still express some concern about availability of visas for non-managerial staff, especially for long-term trainee positions for third-country nationals.

A.6. Right to Private Ownership and Establishment

Foreign and domestic private enterprises are free to establish, acquire, and dispose of interests in business enterprises, with the exception of television, railroads, some utilities, and state monopolies. As the government continues to pursue privatization, some of these industries are gradually being opened up to private investment as well. For example, legal changes were implemented in 1997 to allow private radio on a limited number of licenses. The postal monopoly for wire-transmitted voice telephony and infrastructure was dismantled in 1998 and the Austrian electricity market was liberalized in February 1999.

In most business activities, 100% foreign ownership is permitted. Foreign direct investment is restricted only when competing with state-owned companies, monopolies, and utilities. License requirements, such as in the banking and insurance sectors, equally apply to domestic and foreign investors. The latter, however, is dependent on reciprocity. Specific regulations on requirements for joint ventures do not exist.

A.7. Protection of Property Rights

The Austrian legal system protects secured interests in property, both chattel and real. Mortgages are recognized, if the underlying contracts are valid, and are on file with the land register. The land register provides a reliable system for recording interests in property. For any agreement pertaining to real estate to be effective, the agreement must be entered with the land register. This requires approval of the land transfer commission or the office of the provincial governor. Any interested party has access to the land register.

Austria has laws to protect intellectual property rights, including patent and trademark laws, a law protecting industrial designs and models, and a copyright law, all of which offer the holder protection. Legislation also protects three-dimensional semiconductor chip layout design.

Austria is a party to the World Intellectual Property Organization and several international property conventions, including the European Patent Convention, the Patent Cooperation Treaty, the Madrid Trademark Agreement, the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purpose of Patent Procedure, the Universal Copyright Convention, the Brussels Convention Relating to the Distribution of Program-carrying Signals Transmitted by Satellite, and the Geneva Treaty on the International Registration of Audiovisual Works. In compliance with the World Trade Organization Treaty on Intellectual Property (WTO TRIPS) agreement obligations, Austria extended patent terms so that patents on inventions are valid up to 20 years after application. Since both the United States and Austria are members of the "Paris Union" International Convention for the Protection of Industrial Property, American investors are entitled to the same kind of protection under Austrian patent legislation as are Austrian nationals. In accordance with the Madrid Agreement, Austria's protection period for trademarks is ten years, with the option to extend for another ten years, if registration is renewed before expiration.

Trade secrets are protected by various regulations. For example the right to privacy, data protection regulations, and the federal statistics law prevent publication of production data, provided there are four producers or less.

Austrian copyright law grants the author the exclusive right to publish, distribute, copy, adapt, translate, and broadcast his work. Infringement proceedings, however, can be time consuming

and complicated. Austria's copyright law is in conformity with the EU directives on intellectual property rights.

A.8. Transparency of the Regulatory System

The 1997 U.S. Investor Confidence Survey showed that the current regulatory environment with its cumbersome permit and paperwork requirements was unnecessarily complex, time consuming and a disincentive for foreign investors. The 1998 follow-up report gave the government credit for its efforts to remove these problems, to privatize, liberalize and deregulate the economy, but still noted room for improvement. The government has attempted to streamline the regulatory process. Some of these efforts are reflected in the Business Code of 1997, which provides for simplified and faster administrative procedures to obtain business permits and considerably reduces the number of business categories. The Economics Minister's plan for a "one-stop shop" for business has little chance of implementation within the 1999 legislative period, but recent reports indicate that the existing permit procedures have been streamlined to no more than 120 days.

Despite bureaucratic problems, tax and labor laws, as well as health and safety standards, are applied uniformly and do not influence the sectoral allocation of investments. The Austrian investment climate has become conducive for business enterprises since Austria became a member of the EU. The adoption of regulations to foster competition, including more liberal shopping hours and flexible worktime have provided benefits for employers, employees and consumers alike.

A.9. Efficient Capital Markets and Portfolio Investment

A broad variety of credit and portfolio investment instruments are traded in an open capital market. Foreign firms have access to this local market without restrictions and are free to use foreign credit markets as well. The Vienna Stock Exchange, established as a private corporation in 1997, underwent major reform in 1998 intended to facilitate investment. A cooperative agreement signed with the Frankfurt Stock Exchange has facilitated trading through quotations in the new Euro currency, a transparent fee system, and a new electronic trading system. All listed companies are required to publish quarterly reports. Criminal penalties for insider trading are in place. The "Austrian Securities Authority" (an Austrian version of the U.S. Securities and Exchange Commission), established in 1998, is

working hard to police irregularities on the stock exchange, but suffers from limited staff and budget. The government has prepared a bill expanding the current very limited possibilities for firms to buy back their own shares. Pending parliamentary approval, the planned buy-back regulations should bring Austria's regulations into conformance with international standard.

The legal, regulatory, and accounting systems are transparent and consistent with international norms. New Austrian regulations governing accounting standards will provide U.S. investors with improved and internationally standardized financial information. Since 1998, Austrian-based companies, including subsidiaries of U.S. parent companies, are required to present their consolidated financial statements in accordance with International Accounting Standards (IAS) or Generally Accepted Accounting Principles (US-GAAP). Statements complying with the Austrian Commercial Code are no longer required. Companies which previously prepared two sets of statements to meet both Austrian and international standards should save administrative work and cost.

Austria has a highly developed and sound banking system with worldwide correspondent relationships, as well as representative offices and branches in the United States and other major financial centers. Total assets of Austria's five largest banks amounted to AS 2,300 billion (US\$ 186 billion) in 1998.

A.10. Political Violence

There have been no incidents of politically motivated damage to foreign businesses. Civil disturbances are extremely rare.

A.11. Corruption

The Austrian penal code contains penalties for bribery, which include a fine of up to US\$ 363 per day for up to 360 days or up to two years imprisonment for the briber and up to five years imprisonment for the bribee. Under the penal code, any person who bribes a civil servant, a foreign official or a manager of an Austrian public enterprise is subject to criminal penalties. Austria completed ratification of the OECD Anti-Bribery Convention on May 19, 1999. Corresponding penal code legislation has been in place since summer 1998.

Prior to the implementation of the OECD Convention, the tax deductibility of bribes and any gray market payments (regardless

of their title as operating, income-related or other expenses) was abolished. The non-deductibility covers all payments and other material grants, the granting or accepting of which is subject to legal penalties.

The Federal Ministry of Justice has the primary responsibility for prosecuting acts of corruption, but in the case of public tenders, the Federal Chancellery may also become involved. Due to the short period the revised anti-bribery regulations have been in place, we are not yet able to assess the degree of enforcement. The U.S. Embassy in Vienna has never received any reports from U.S. firms about corruption as an obstacle to either doing business or investing in Austria.

B. Bilateral Investment Agreements

Austria has bilateral investment agreements in force with Albania, Argentina, Bulgaria, Cape Verde, China, Czech Republic, Estonia, Hong Kong, Hungary, Kuwait, Latvia, Lithuania, Malaysia, Morocco, Poland, Romania, South Africa, South Korea, former Soviet Union, Tunisia, Turkey, Ukraine, Vietnam, and former Socialist Federal Republic of Yugoslavia (SFRY). The agreement with former Czechoslovakia currently applies to both the Czech Republic and Slovakia and the agreement with the former SFRY applies to Croatia and Slovenia. Agreements with Bolivia, Chile, Croatia, Mexico and Paraguay have been signed, but are not yet in effect. Additional agreements with Algeria, Armenia, Belarus, Cuba, Georgia, Kyrgyzstan, Mongolia, Philippines, Uzbekistan and the Federal Republic of Yugoslavia (FRY) have been initialed. Under these agreements, investment disputes that cannot be settled amicably may be submitted to the International Center for Settlement of Investment Disputes or an arbitration court according to the UNCITRAL arbitration regulations.

The U.S. and Austria are parties to a bilateral double taxation treaty covering income and corporate taxes, which went into effect on February 1, 1998. Another bilateral double taxation treaty covering estates, inheritances, gifts and generation-skipping transfers has been in effect since 1982.

C. OPIC and Other Investment Insurance Programs

OPIC programs are not available for Austria. OPIC has a cooperation agreement with Austria's Finance Guarantee Company, enabling U.S. firms to secure joint-venture investments with

Austrian partners in Central and Eastern Europe. Since May 1997 Austria has been a member of the Multilateral Investment Guarantee Agency (MIGA).

D. Labor

Austria has a highly educated labor force of 3.7 million people. Depending on labor demand, government policies limit the number of foreign workers to between 8 and 10% of the salaried workforce. In 1998, the number of "guest workers" averaged 298,000. While demographic trends indicate little growth in the labor force over the next few years, other factors, such as productivity gains, industrial restructuring, federal employment incentives for women, and measures to raise the retirement age serve to offset the demographics. Shortages of highly specialized labor are more likely to occur.

Compared to other EU countries, Austria had a relatively low unemployment rate of 4.5% in 1998, according to EU calculations. Predictions for 1999 see a downward trend toward 4.3%. Legislation enacted in early 1996 and again in 1999 is designed to counteract the rising unemployment of older workers. It provides financial bonuses for companies hiring workers age 50 and above, and envisions penalties for businesses laying off workers within this age group.

Like other EU members, Austria submitted a national employment plan in April 1998. Its stated aim is to create 100,000 new jobs over a 5-year period, and to reduce unemployment from 4.5 to 3.4%. The plan does not focus on any single employment strategy, but contains a policy mix of federal employment programs and work incentives, particularly for young workers and women.

Terms of employment are closely regulated by law in Austria. Working hours, minimum vacation time, holidays, maternity leave, juvenile work allowances, statutory separation notice, protection against dismissal, and the right to severance payment are all secured by law. However, EU membership has increased work flexibility. For example, the night shift ban for women will be completely phased out by 2001 in line with pertinent EU regulations.

Austrian social insurance is compulsory and comprises health insurance, old-age pension insurance, unemployment insurance, and accident insurance. Social insurance contributions are a

percentage of total monthly earnings and are shared by employers and employees.

High non-wage payroll costs (70% of direct wage costs) are frequently cited as a reason for Austria's relatively high labor costs and were highlighted by the results of the U.S. Investor Confidence Survey. The government is committed to freezing these costs, despite challenges from organized labor.

About 50% of the work force is unionized. Shop stewards must be consulted on various issues. Co-determination rights of employees are regulated by law. At least one-third of the members of a corporation's board of directors must come from the firm's staff. Labor-management relations are generally harmonious and strikes are rare. Despite the government's decision to cut several social benefits as part of the 1996/97 budget austerity plan, there were practically no strikes in either 1997 or 1998. Austria generally adheres to the International Labor Organization (ILO) conventions protecting workers rights and supports, in principle, the U.S.-led drive for core labor standards within the WTO.

Collective bargaining revolves mainly around wage adjustments, fringe benefits, and reduction of the work week. While the law still provides for a maximum of 40 hours per week, collective bargaining agreements provide for a work week of 38 or 38.5 hours per week for more than half of all employees. A legal framework for flexible working hours was introduced several years ago, and in those sectors where it has been implemented, it has proven very popular. Legislation for more flexible work hours has been in place since 1997. Labor continues to push for a minimum wage of AS 168,000 (US\$ 13,570) per year (including Christmas and vacation bonuses), but growing competition among job seekers is expected to exert downward pressure on most wage scales. Austrian labor is skeptical about adopting the "Dutch labor market model" which relies on a disproportionately high number of part-time workers.

E. Foreign-trade Zones/Free Ports

Austria has four foreign trade zones. In Vienna, Linz, Graz, and Solbad Hall are zones where products of foreign origin may be stored, displayed, sampled, mixed, sorted, repacked or re-exported without the obligation to pay duty. Their impact has been limited, and foreign investors have shown little interest.

F. Major Foreign Investors

More than 380 U.S. firms hold investments in Austria, which range from simple sales offices to major production facilities. The following is a short list of U.S. firms holding major investments in Austria.

American Express Bank Ltd.
Baxter International Inc.
Chrysler International Corp.
Cincinnati Milacron Inc.
Citibank Overseas Investment Corp.
The Coca-Cola Company
Eastman Kodak Company
Exxon Corporation
General Electric Capital Corporation
General Motors Corp.
Harman International Industries Inc.
Hercules Inc.
Honeywell Inc.
IBM World Trade Corp.
Johnson and Johnson Int.
McDonald's Corporation
Mars Inc.
Merrill Lynch and Co., Inc.
Mobil Oil Corporation
Nalco Chemical Company
Otis Elevator Co.
Philip Morris Companies Inc.
Pioneer Overseas Corp.
Starwood Hotels and Resorts Worldwide, Inc. (Sheraton Hotels)

Following is a brief list of firms headquartered in third countries holding major investments in Austria.

AEG AG, Germany
Alcatel, France
Allianz AG, Germany
Amer, Finland
Asea Brown Boveri, Switzerland and Sweden
Assicurazioni Generali, Italy
Axel Springer Verlag, Germany
BASF, Germany
Bayer AG, Germany
Bayerische Landesbank, Germany
Bayerische Motorenwerke (BMW), Germany
Bayerische Vereinsbank AG, Germany
Bombardier, Canada
Robert Bosch AG, Germany

Continental Gummiwerke AG, Germany
Deutsche Bank, Germany
Deutsche Telekom, Germany
Electricite de France, France
Electrolux, Sweden
Hafslund Nycomed, Norway
Henkel, Germany
Hipp, Germany
Hoechst AG, Germany
Interhoerbiger, Switzerland
Kone Oy, Finland
Koramic, Belgium
Liebherr, Germany
Magna, Canada
MAN, Germany
Mannesmann AG, Germany
Mazda Corp., Japan
Nestle S.A., Switzerland
Novartis, Switzerland
NV Koninklijke KNP Paper Company, Netherlands
Papierwerke Waldhof Aschaffenburg, Germany
Philips Gloeilampenfabrieken, Netherlands
Rewe, Germany
Rhone-Poulenc, France
Riunione Adriatica Di Sicurta (RAS), Italy
Rothenberger, Germany
Russian Central Bank, CIS
Shell Petroleum N.V., Netherlands
Siemens, Germany
Smurfit Group, Ireland
Solvay Et Cie, Belgium
Sony, Japan
Sueddeutscher Verlag, Germany
Svenska Cellulosa Ab, Sweden
Telecom Italia, Italy
Unilever N.V., Netherlands
Voith, Germany
Westdeutsche Allgemeine Zeitung (WAZ), Germany
Westdeutsche Landesbank, Germany

CHAPTER VIII. TRADE AND PROJECT FINANCING

A. Synopsis of Banking System

A wide range of credit and financial instruments is offered by all of Austria's banks. The Austrian banking system is highly developed, with worldwide correspondent relations, as well as offices and branches in the United States and other major financial centers. Large Austrian banks also have branches, subsidiaries, and joint venture operations in Central and Eastern Europe. Many major foreign banks, including American, have operations in Austria.

B. Foreign Exchange Controls Affecting Trading

Austria has a fully liberalized foreign exchange regime. There are no limitations on cross-border payments, whether related to foreign trade, capital investments, or other transactions, except to countries under UN sanctions.

C. General Financing Ability

General financing to establish foreign operations in Austria is readily available. Foreign firms enjoy access to Austrian credit and capital markets without restrictions. On December 31, 1998, the exchange rate for Euro 1.00 was irrevocably fixed at Austrian schillings 13.7603. Thus, U.S. investors will not be faced with schilling exchange rate risks against the currencies of the other ten EMU participants during the transition to the Euro in 2002.

D. How to Finance Exports/Methods of Payment

American exporters to Austria may use domestic or foreign financing to make a wide range of payment arrangements, from advances to letters of credit and bank guarantees. Austrian banks can also help arrange financing for export and investment transactions in Central and Eastern Europe. The Austrian Government has neither a countertrade policy nor specific regulations in this field.

E. Types of Available Export Financing and Insurance

OPIC does not operate in Austria, although it has a cooperation agreement with the Austrian Finance Guarantee Company to insure investments in Central and Eastern Europe. The Ex-Im Bank has no active programs in Austria. The risk of political or economic disturbances that could disrupt trade or investment projects in Austria is practically nonexistent.

F. Project Financing Available

Commercial financing is readily available from Austrian banks and institutions on normal market terms, but multilateral institutions are not active in Austria. Concessionary financing may be available for U.S. firms in association with Austrian companies for projects in neighboring Central and Eastern European countries.

G. List of Banks with Correspondent U.S. Banking Arrangements

Austrian Branches/Subsidiaries of U.S. Banks:

American Express Bank Ltd. TRS Kaerntnerstr. 21-23 A-1015 Vienna, Austria Phone: (43 1) 515 11-0 Fax: (43 1) 515 11-100	Commercial and private
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Citibank International plc Austria Branch Schwarzenbergplatz 3 A-1010 Vienna, Austria Phone: (43 1) 717 17-400 Fax: (43 1) 712 97 07	All banking services
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Merrill Lynch Bank (Austria) AG Wallnerstrasse 4 A-1010 Vienna, Austria Phone: (43 1) 531 40 Fax: (43 1) 535 02 27	Private banking
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GE Capital Bank Donau-City Strasse 6 A-1223 Vienna, Austria Phone: (43 1) 260 70 9217 Fax: (43 1) 260 70 9341	Consumer financial services
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Austrian Banks with Subsidiaries in the U.S.:

Bank Austria AG Am Hof 2 A-1010 Vienna, Austria Phone: (43 1) 711 91-0 Fax: (43 1) 711 91-6155	Bank Austria 565 Fifth Avenue New York, NY 10017 Phone: (212) 880 1000 Fax: (212) 880 1110
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Creditanstalt Bankverein AG Schottengasse 6 A-1010 Vienna, Austria	Creditanstalt 245 Park Ave, 32nd Floor New York, NY 10167
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Phone: (43 1) 531 31-0
Fax: (43 1) 531 31-7566

Erste Bank der oesterreichischen
Sparkassen AG
Graben 21
A-1010 Vienna, Austria
Phone: (43 1) 531 00-0711
Fax (43 1) 531 00-1533

Raiffeisen Zentralbank
Österreich AG
Am Stadtpark 9
A-1030 Vienna
Phone: (43 1) 717 07-0
Fax: (43 1) 717 07-1715

Phone: (212) 856 1000
Fax: (212) 856 1044

Erste Bank der
oesterreichischen
Sparkassen AG
280 Park Avenue
West Building, 32nd floor
New York, NY 10017
Phone: (212) 984 5600
Fax: (212) 986 1423

RZB Finance LCC
Ave. of the Americas
New York, NY 10036
Phone: (212) 845 4100
Fax: (212) 944 2093

CHAPTER IX. BUSINESS TRAVEL

A. Business Customs

Business practice and etiquette is basically the same in Austria and America; the major difference is the relative formal atmosphere in which business activities generally take place in Austria. For example, when making appointments with prospective buyers or clients, we recommend you make initial contact well in advance, either in writing or by phone, and offer to meet on the premises of the person in question. Another example of Austrian formality is the widespread use of titles, be they in the form of a university degree or a position in a firm or in the government. The most common are "Doktor" (a university degree similar to the US doctorate), "Magister" (a university degree similar to the US master of arts), and "Diplom Ingenieur" (a university degree similar to the U.S. master of science).

Correspondence and visits play a significant role in the conduct of business in Austria. Clarity and continuity in communications are very important. Prompt handling of correspondence is very much appreciated and helps to compensate for the distance between the two countries. When possible, offers and documentation should be in German, although many businesspeople can work in English. Marketing and sales

policies should be oriented toward establishing lasting business relationships.

Austrians are generally well disposed toward Americans. Showing understanding for the Austrian way of doing things will prove rewarding.

U.S. business travelers are encouraged to obtain a copy of the "Key Officers of Foreign Service Posts: Guide for Business Representatives" available for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402; Tel.: (202) 512-1800; Fax: (202) 512-2250. Business travelers to Austria seeking appointments with U.S. Embassy Vienna officials should contact the Commercial Section in advance. The Commercial Section can be reached by telephone at (43 1)313 39-2243, fax at (43 1) 310 69 17 or E-mail at vienna.office.box@mail.doc.gov

B. Travel Advisory and Visas

There are no travel advisories specifically for Austria, nor are visas necessary for visits to Austria lasting less than three months. Non-EU citizens will require a residence permit for longer stays.

C. Holidays

The following holidays will be observed in Austria from October 1, 1999, to December 31, 2000:

October 26, 1999	Tuesday	National Day
November 1, 1999	Monday	All Saint's Day
December 8, 1999	Wednesday	Immaculate Conception
December 25, 1999	Saturday	Christmas Day
December 26, 1999	Sunday	St. Stephen's Day
January 1, 2000	Saturday	New Year's Day
January 6, 2000	Thursday	Epiphany
April 24, 2000	Monday	Easter
May 1, 2000	Monday	Labor Day
June 1, 2000	Thursday	Ascension Day
June 12, 2000	Monday	Whit Monday
June 22, 2000	Thursday	Corpus Christi Day
August 15, 2000	Tuesday	Assumption Day
October 26, 2000	Thursday	National Day
November 1, 2000	Wednesday	All Saint's Day
December 8, 2000	Friday	Immaculate Conception
December 25, 2000	Monday	Christmas Day
December 26, 2000	Tuesday	St. Stephen's Day

Business visitors should note that the Austrian holiday season is in July and August, and that many decision makers take extended vacations during that time - sometimes four weeks or more. Business visits or events are not recommended during these two months. Many offices and businesses close Friday afternoons, reflecting the widely implemented 38.5 hour work week.

D. Business Infrastructure

Transportation: Direct flights connect Vienna to several U.S. cities. Austria's modern highways link most cities, and numerous border crossings into neighboring countries are easily accessible (although delays should be anticipated crossing non-EU borders). Air travel between major cities in Austria and in the region is available, and overland travel by train or bus, also to neighboring countries, is comfortable and reliable.

Taxi service is readily available, but they are generally requested by telephone or hired at designated taxi-stands. It is difficult to hail cabs in the street. Major Austrian cities have efficient public transportation systems, including buses, subways, and streetcars. Car rental agencies are located in major cities, with most major U.S. rental agencies represented.

Language & Communications: Austria's official language is German. Though many business people are able to communicate in English, the importance of German-language trade literature, catalogs, and instructions for the use and servicing of products cannot be overemphasized. The agent or local representative in Austria who has such material is in a far better competitive position than one who must show prospective customers trade literature in English.

Most larger commercial and industrial enterprises, especially those specializing in international trade, can correspond in English, French, and one or more Slavic languages, in addition to German.

Austria has efficient and reliable postal and telephone services. Fax machines are widely used; E-mail is less commonly used than in the United States, but is growing rapidly.

Accommodations and Food: Business accommodations are readily available, provided by a wide variety of hotels and guest houses throughout the country. In the tourist high seasons, there may

be difficulties finding lodgings on short notice in Vienna and Salzburg. The food is excellent, with a variety to suit all tastes. Prices vary, ranging from the homey 'Gasthaus', which offers local dishes at affordable prices, to the elegant restaurants of five-star hotels. Austrian tap water is generally safe to drink; in fact, the tap water in Vienna has its sources from mountain springs and tastes delicious.

A word on entertainment in Vienna: Do not expect your contacts in Vienna to be able to easily acquire tickets to the Opera, the Spanish Riding School or the Vienna Boys Choir. These world famous institutions sell the bulk of their tickets to tour operators and it is often easier to arrange for tickets in New York or elsewhere before your arrival in Vienna. Also, check the calendar carefully, because none of these attractions performs year-round.

CHAPTER X. APPENDICES

APPENDIX A. COUNTRY DATA

Population	8.09 million
Population Growth Rate	0.3%
Religions(s)	Roman Catholic - 78%
	Protestant - 5%
Government	Constitutional Parliamentary Democracy
Language	German - 92%
Work Week	37.5 - 40 hours, depending on the industry

APPENDIX B. DOMESTIC ECONOMY

	1997	1998	1999 projected

GDP (\$ billion, current prices) (1)	203.1	211.8	218.5
GDP Growth Rate, nominal terms (in percent)	4.1	4.3	3.2
GDP Growth Rate, real terms (in percent)	2.5	3.3	2.2
GDP per Capita (\$) (1)	25,160.0	26,227.0	27,030.0
Government Spending (as			

percent of GDP)	29.8	29.6	28.4
Inflation (percent)	1.3	0.9	0.7
Unemployment (percent) (2)	4.4	4.5	4.4
Foreign Exchange Reserves (\$ billion) (1)	21.3	24.1	N/A
Average Exchange Rate for \$ 1.00	12.20	12.38	N/A
Debt Service Ratio (3)	3.2	3.2	4.4

Footnotes:

(1) all figures converted at the 1998 annual average exchange rate of \$1.00 = AS 12.38.

(2) EU method.

(3) ratio of principal and interest payments on foreign debt to foreign income from exports of goods and services.

APPENDIX C. TRADE

(\$ million, except where noted) (1)

	1997	1998	1999 projected
-----	-----	-----	-----
Total Austrian exports (fob)	57,756.0	62,236.0	64,620.0
Total Austrian imports (cif)	63,833.0	68,152.0	71,240.0
U.S. exports to Austria	3,417.0	3,560.0	N/A
U.S. imports from Austria	2,117.0	2,534.0	N/A

Footnote:

(1) all figures converted at the 1998 annual average exchange rate of \$1.00 = AS 12.38.

APPENDIX D. FOREIGN DIRECT INVESTMENT

In 1998, the inflow of new foreign direct investment reached a historic record of AS 73 billion (US\$ 5.9 billion), equal to 2.8% of GDP, and pushed the value of the foreign direct investment stock in Austria to AS 298 billion (US\$ 24.1 billion), equal to 11.4% of GDP.

Note: The 1998 annual average exchange rate for US\$ 1.00 was Austrian schillings (AS) 12.38.

Source: Austrian National Bank statistics on Austrian outward and inward direct investment at the end of 1996, published in November 1998. Available 1997 and 1998 data are from the Austrian National Bank's current account statistics.

Table 1:

Foreign direct investment in Austria 1991-1998

Year	Number of firms with direct foreign participation	Nominal capital ----- (as billion)	Total equity (1) -----
1991	2,172	58.5	110.8
1992	2,209	61.1	127.3
1993	2,204	62.5	138.1
1994	2,205	64.5	145.3
1995	2,262	71.5	176.9
1996	2,362	74.5	195.9
1997 (2)	n/a	n/a	225.0
1998 (2)	n/a	n/a	298.0

Footnotes:

(1) total equity comprises nominal capital, statutory and voluntary reserves, profits/losses carried forward, and net credit position;

(2) preliminary figures.

Table 2:

Foreign direct investment by country of origin 1991-1998 (in percent of nominal capital)

Year	U.S.	Switzerland, Liechtenstein	Germany	Netherlands	Others
1991	8	18	37	9	28
1992	7	18	37	10	28
1993	7	18	38	9	28
1994	7	18	38	9	28
1995	6	15	41	8	30
1996	7	14	42	8	29
1997 (1)	7	13	45	6	29
1998 (1)	7	12	46	6	29

Footnotes:

(1) preliminary figures.

Table 3:

**Foreign direct investment in Austria by industry sectors in 1996
(latest available figures)**

Sector	Total equity (AS billion)	Employees in 1,000

Mining and energy:	2.2	1
Industry:		
Metals, machinery	11.8	27
Vehicles	4.9	12
Electrical engineering, electronics	3.7	28
Petroleum, chemicals	22.3	18
Paper, wood	9.9	7
Textiles, clothing, leather	2.3	8
Food, drink, tobacco	5.6	7
Building and allied trades	6.3	9
Miscellaneous	1.6	2
	-----	-----
Subtotal industry	68.4	118
Non-industry:		
Trade	41.1	62
Transport, communication	3.7	6
Tourism	2.4	5
Banking, insurance, finance	31.4	12
Real estate, business related services	46.2	8
Other services	0.5	0
	-----	-----
Subtotal non-industry	125.3	93
Total	195.9	212

Note: differences due to rounding.

Table 4:

Austrian direct investment abroad 1991-1998

Number of firms with Austrian	Nominal capital	Total assets (1)
----------------------------------	--------------------	---------------------

Year	direct investment	----- (AS billion) -----	
1991	1,188	38.5	64.5
1992	1,290	45.4	77.9
1993	1,495	60.4	98.5
1994	1,617	64.2	103.0
1995	1,718	71.4	118.1
1996	1,810	83.2	136.4
1997 (2)	n/a	n/a	160.0
1998 (2)	n/a	n/a	196.0

Footnotes:

(1) total assets comprises nominal capital, other equity including exchange rate adjustments, and net credit position.

(2) preliminary figures.

Table 5:

**Austrian direct investment abroad by country of destination
1991-1998 (in percent of nominal capital)**

Year	U.S.	Switzer- land, Liechten- stein	Germany	U.K.	Hungary	Czech Rep.	Others
1991	7	12	21	11	19	n/a	30
1992	8	10	20	10	21	n/a	31
1993	9	8	16	9	20	6	32
1994	8	7	15	6	19	10	35
1995	6	7	16	5	13	10	43
1996	5	6	17	6	15	10	41
1997 (1)	5	6	17	6	16	11	39
1998 (1)	5		5	16	6	17	12 39

Footnotes

(1) preliminary figures.

Table 6:

**Austrian direct investment abroad by industry sectors in 1996
(latest available figures)**

Sector	Nominal capital	Employees
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	(AS billion)	in 1,000
-----	-----	-----
Mining and energy:	3.0	1.3
Industry:		
Metals, machinery	9.4	14.7
Vehicles	0.6	3.3
Electrical engineering, electronics	4.7	12.7
Petroleum, chemicals	7.8	13.8
Paper, wood	3.6	8.0
Textiles, clothing, leather	0.7	6.0
Food, drink, tobacco	3.3	7.4
Building and allied trades	10.1	19.7
Miscellaneous	0.5	1.4
	-----	-----
Subtotal industry	40.7	87.0
Non-industry:		
Trade	17.5	26.4
Transport, communication	0.5	1.3
Tourism	2.1	2.6
Banking, insurance, finance	27.0	12.8
Real estate, business related services	44.5	2.5
Other services	1.1	1.5
	-----	-----
Subtotal non-industry	92.7	47.1
Total	136.4	135.4

Note: differences due to rounding.

APPENDIX E. U.S. & AUSTRIAN CONTACTS

1. Austrian Government Agencies

Embassy of Austria in the United States
3524 International Court N.W.
Washington, DC 20008
Phone: (202) 895-6700
Fax: (202) 895-6750
Consular Section:
Phone: (202) 895-6767
Fax: (202) 895-6773

Federal Agency for Industrial Cooperation and Development

In the U.S.:

Austrian Business Agency
150 East 52nd Street, 32nd floor
New York, NY 10022
Phone: (212) 980 7970
Fax: (212) 980 7975

In Austria:

Austrian Business Agency
Opernring 3-5
A-1010 Vienna, Austria
Phone: (43 1) 588 58-0
Fax: (43 1) 586 86 59

Website: <http://www.telecom.at/AustrianBusinessInfo/>

Austrian Economics Ministry
Stubenring 1
A-1010 Vienna
Phone: (43 1) 711 00-0
Fax: (43 1) 713 93 11 or 713 79 95

Austrian Ministry of Agriculture and Forestry
Stubenring 1
A-1010 Vienna
Phone: (43 1) 711 00-0
Fax: (43 1) 713 93 11 or 713 79 95

2. Austrian Trade Associations/ Chambers of Commerce

Austrian Trade Commission operates offices in the U.S. at the following locations:

New York: 150 East 52nd Street
32nd floor
New York, NY 10022
Phone: (212) 421 5250
Fax: (212) 751 4675
E-mail: atc_ny@ix.netcom.com

Illinois: 500 North Michigan Avenue
Suite 1950
Chicago, IL 60611
Phone: (312) 644 5556
Fax: (312) 644 6526
E-mail: atc-chi@ix.netcom.com

Georgia: 4200 Northside Parkway, NW
Bldg. 1, Ste. 300
Atlanta, GA 30327
Phone: (404) 995-9347
Fax: (404) 995-9348

California: 11601 Wilshire Blvd.
Suite 2420
Los Angeles, CA 90025
Phone: (310) 477 9988
Fax: (310) 477 1643
E-mail: atc-la@ix.netcom.com

Washington, D.C.: 1350 Connecticut Avenue N.W.
Suite 501
Washington, DC 20036
Phone: (202) 835-8962
Fax: (202) 835-8960
E-mail: atc-wdc@ix.netcom.com

The following telephone number can be used for all Austrian
Trade Delegates: 1-800-VIP-AHST.
Website: <http://www.austriantrade.org>

American Chamber of Commerce in Austria
Porzellangasse 35
A-1090 Vienna, Austria
Phone: (43 1) 319 57 51
Fax: (43 1) 319 51 51
E-mail: office@amcham.or.at

Wirtschaftskammer Oesterreich
(Austrian Federal Economic Chamber)
Wiedner Hauptstrasse 64
A-1045 Vienna, Austria
Phone: (43 1) 501 05-4204
Fax: (43 1) 502 06-255
E-mail: namerika@aw.wk.or.at
Website: <http://www/wk/or.at/aw>

Fachverband der Elektro- und Elektronikindustrie Oesterreichs
(Association of the Electric and Electronic Industry)
Mariahilfer Strasse 37-39
A-1060 Vienna, Austria
Phone: (43 1) 588 39-0
Fax: (43 1) 586 69 71

ADV Arbeitsgemeinschaft fuer Datenverarbeitung
(EDP Association)
Tratternhof 2
A-1010 Vienna, Austria
Phone: (43 1) 533 09 13
Fax: (43 1) 533 09 13-77

Oesterreichische Computer Gesellschaft
(Austrian Computer Association)

Wollzeile 1-3

A-1010 Vienna, Austria

Phone: (43 1) 512 02 35

Fax: (43 1) 512 02 35-9

OEGUT - Oesterreichische Gesellschaft fuer Umwelt und Technik
(Austrian Association for Environment and Technology)

Türkenstrasse 9/21

A-1090 Vienna, Austria

Phone: (43 1) 315 63 93-0

Fax: (43 1) 315 63 93-22

3. Austrian Market Research Firms

Consent Betriebsberatung Ges.m.b.H

Dommayergasse 4

A-1130 Vienna, Austria

Phone: (43 1) 877 30 03-0

Fax: (43 1) 876 47 04

Dr. Fessel GfK Institut fuer Marktforschung

Franz-Josefs Kai 47

A-1010 Vienna, Austria

Phone: (43 1) 534 96

Fax: (43 1) 534 96-194

GMB Gesellschaft fuer Marketingberatung

Arnethgasse 50

A-1160 Vienna, Austria

Phone: (43 1) 485 57 01

Fax: (43 1) 485 49 57

Integral Markt- und Meinungsforschungs Ges.m.b.H.

Mohsgasse 2/4A

A-1030 Vienna, Austria

Phone: (43 1) 799 19 94-0

Fax: (43 1) 799 19 94-18

Institut fuer Markt- und Meinungsforschung Ges.m.b.H.

Kaiserstrasse 55

A-1070 Vienna, Austria

Phone: (43 1) 526 55 84-0

Fax: (43 1) 526 55 84-42

Dr. Alkier Ges.m.b.H.

Lindengasse 10
A-1070 Vienna, Austria
Phone: (43 1) 523 62 63
Fax: (43 1) 523 92 65

4. Austrian Commercial Banks

Creditanstalt AG
Schottengasse 6
A-1010 Vienna
Austria
Phone: (43 1) 531 31-0
Fax: (43 1) 531 31-4699

Bank Austria AG
Am Hof 2
A-1010 Vienna
Austria
Phone (43 1) 711 91-0
Fax: (43 1) 711 91-56155

Erste Bank der
oesterreichischen
Sparkassen AG
Graben 21
A-1010 Vienna
Austria
Phone: (43 1) 531 00-0711
Fax: (43 1) 531 00-2272

Raiffeisen Zentralbank
Oesterreich AG
Am Stadtpark 9
A-1030 Vienna
Austria
Phone: (43 1) 717 07-0
Fax: (43 1) 717 07-1648

5. The Commercial Service

U.S. Embassy in Austria
Boltzmanngasse 16
A-1091 Vienna, Austria
Phone: (43 1) 313 39-0
Fax: (43 1) 310 69 17
E-mail: vienna.office.box@mail.doc.gov
Website: <http://www.usembassy-vienna.at/cs.html>

To mail from the United States:
American Embassy Vienna
Department of State
Washington, DC 20521-9900

6. U.S.-Based Multipliers

The Association for Manufacturing Technology
7901 Westpark Dr.
McLean, VA 22102
Phone: (703) 893-2900
Fax: (703) 893-1151

Health Industry Manufacturers Association
1200 G. Street, N.W. Suite 400
Washington, DC 20005
Phone: (202) 783-8700
Fax: (202) 783-8750

American Electronics Association

5201 Great America Pkwy, Suite 520
Santa Clara, CA 95054
Phone: (408) 987-4280
Fax: (408) 986 1247
E-mail: csc@aeenet.org

Dental Manufacturers of America
123 S. Broad Street, Suite 2030
Philadelphia, PA 19109-1020.
Phone: (215) 731-9975
Fax: (215) 731-9984
Internet: www.dmanews.org
E-mail: staff@dmanews.org

National Electrical Manufacturers Association
Diagnostic Imaging & Therapy Systems Div.
1300 N. 17th Street, Suite 1847
Rosslyn, VA 22209
Phone: (703) 841 3200
Fax: (703) 841 3351
E-mail: webmaster@nema.org

Telecommunications Industry Association
Suite 300
2500 Wilson Blvd.
Arlington, VA 22201-3834
Tel.: (703) 907 7700
Fax: (703) 907 7727

Telecommunications Industry Association
Government Relations and International Affairs
Suite 350
1300 Pennsylvania Ave, N.W.
Washington, D.C. 20004
Phone: (202) 383-1480
Fax: (202) 383-1495

Environmental Industry Associations
4301 Connecticut Ave, N.W., Suite 300
Washington, D.C. 20008
Phone: (202) 244 4700
Fax: (202) 966 4818

U.S.-Austrian Chamber of Commerce, Inc.
165 West 46th Street, Suite 1112
New York, NY 10036
Phone and Fax: (212) 819-0117

7. Washington-Based U.S. Government Contacts

Lisa Tomlinson
Austria Desk, Room 3036
U.S. Department of Commerce
14th & Constitution Ave, N.W.
Washington, DC 20230
Phone: (202) 482-2434
Fax: (202) 482-2897

Europe Team Leader
Foreign Agricultural Service
Room 5517S
U.S. Department of Agriculture
Washington, DC 20250-1024
Phone: (202) 720-1322
Fax: (202) 720-0069

U.S. Department of Agriculture
Foreign Agricultural Service
attn: Maureen Quinn
Director, Information Div.
Room 5074-S
Washington, D.C. 20250-1024
Phone: (202) 720-3448
Fax: (202) 720-1727

Janet Thomas
Director
Multilateral Development Bank Operations
U.S. Department of Commerce
USA Trade Center
14th Street N.W.
Washington, D.C. 20230
Phone: (202) 482-3399
Fax.: (202) 482-3914
E-mail: Janet.Thomas@mail.doc.gov

TPCC Trade Information Center number in Washington: 1-800-USA-TRADE
1-800-872-8723, Fax: (202) 482-4473.
ITA's Home Page: <http://www.ita.doc.gov>
Natioanl Trade Data Bank (NTDB): <http://www.stat.usa.gov/>

Austria information: <http://www.austria.org./ausinfo.shtml>
Economic news from Austria: <http://www.austria.org/econ11.shtml>

APPENDIX F. MARKET RESEARCH

1. Foreign Agricultural Service Commodity Reports/Market Briefs

The following annual reports will be issued during
FY 2000:

1. Retail Food Sector Report (Fall 1999)
2. Food Processing Sector Report (Fall 1999)
3. Hotel, Restaurant and Institutional Food Service Sector
(Fall 1999)
4. Fresh Deciduous Fruit (September 1999)
5. Exporter Guide (September 1999)
6. Dairy (October 1999)
7. Forest Products (December 1999)
8. Oilseeds & Products (March 2000)
9. Tobacco (May 2000)
10. Food and Agricultural Import Regulations and Standard Report
(July 2000)
11. Market Information Report (July 2000)
12. Livestock (August 2000)

NOTE: FAS reports are available from the Reports
Office, USDA/FAS, Washington, DC 20250 and from the USDA
homepage: <http://www.fas.usda.gov>

2. Department of Commerce Industry Subsector Analyses

The following ISA's are planned to be drafted during FY '2000:

1. Regional/Business Aircraft and Parts
(fewer than 100 seats) (March 2000)
2. Home Health Care & Rehabilitation Equipment (July 2000)
3. Waste to Energy (July 2000)
4. The Franchising Market in Austria (July 2000)
5. Energy Efficiency Technologies (August 2000)
6. The Passenger Vehicle Market (August 2000)
7. Airport Development Opportunities (August 2000)
8. Value Added Telecom Services (September 2000)

NOTE: Department of Commerce Reports are available in the
National Trade Data Bank (NTDB) and from the DOC homepage:
<http://www.ita.doc.gov>.

APPENDIX G. TRADE EVENT SCHEDULE

1. Scheduled Agricultural/Food Trade Events

- A.1.Event: "Alles fuer den Gast"
2.Sector: Tourism and Food Trade Fair
3.Date: November 6-10, 1999
4.Location: Salzburg
5.FAS Vienna Contact: Andrea Fennesz-Berka,
Marketing Specialist - Tel.: (43 1) 313 39, ext. 2364
- B.1.Event: FAFGA - Fachmesse fuer
Fremdenverkehr & Gastronomie
2.Sector: Tourism, Catering and Food Trade Fair
3.Date: April 10-13, 2000
4.Location: Innsbruck, Tirol
5.FAS Vienna Contact: Andrea Fennesz-Berka,
Marketing Specialist - Tel.: (43 1) 313 39, ext. 2364
- C.1.Event: GAST '99 Klagenfurt
2.Sector: Tourism and Food Trade Fair
3.Date: March 12-15, 2000
4.Location: Klagenfurt, Carinthia
5.FAS Vienna Contact: Andrea Fennesz-Berka,
Marketing Specialist - Tel.: (43 1) 313 39, ext. 2364
- D.1.Event: "Alles fuer den Gast" with "DEGUSTA +
VIN-Austria"
2.Sector: Tourism and Food Trade Fair
3.Date: March 26 - 29, 2000
4.Location: Salzburg
5.FAS Vienna Contact: Andrea Fennesz-Berka,
Marketing Specialist - Tel.: (43 1) 313 39, ext. 2364

2. Scheduled Trade Events of the Commercial Service Vienna

- A.1.Event: MBA Fair Austria, Switzerland and Italy
2.Sector: Educational Services
3.Date: November 11, 1999
4.Location: Vienna
5.Recruited by: FCS-Switzerland
CS Vienna Contact: Manfred Weinschenk,
Commercial Specialist - Tel.: (43 1) 313 39, ext. 2285
- B.1.Event: Visit USA Seminar
2.Sector: Tourism

- 3.Date: January 21, 2000
- 4.Location: Vienna
- 5.Post recruited, organized in cooperation with the Visit USA
Committee Austria
CS Vienna Contact: Ingeborg Doblinger,
Commercial Specialist - Tel.: (43 1) 313 39, ext. 2120

C.1.Event: Seminar: Electronic Commerce and
Internet Services

- 2.Sector: Computer Services
- 3.Date: March 2000
- 4.Location: Vienna
- 5.Post recruited
CS Vienna Contact: Ingeborg Doblinger,
Commercial Specialist - Tel.: (43 1) 313 39,ext. 2120

D.1.Event: Telecommunication Seminar

- 2.Sector: Telecommunications
- 3.Date: May 2000
- 4.Location: Vienna
- 5.Post recruited
CS Vienna Contact: Waltraud Augesky,
Commercial Specialist - Tel.: (43 1) 313 39, ext. 2203

E.1.Event: Trade Mission: Electronic Security Equipment

- 2.Sector: Security
- 3.Date: June 2000
- 4.Location: Vienna
- 5.USDOC recruited
CS Vienna Contact: Manfred Weinschenk,
Commercial Specialist - Tel.: (43 1) 313 39, ext. 2285

NOTE: Interested firms should consult the Export Promotion
Calendar on the NTDB or contact the Commercial Service Vienna
(Tel.: (43 1)313 39, Fax: (43 1)313 39-2911, E-mail:
vienna.office.box@mail.doc.gov) in order to receive the latest
information.

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